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DETERMINANTS OF INDUSTRIAL PARKS PERFORMANCE: THE CASE OF BOLE LEMI INDUSTRIAL PARK

A RESEARCH THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION

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Declaration

I, the undersigned, certify that the thesis "Determinants of Industrial Park Performance: the Case of Bole Lemi Industrial Park" is my original work. With the assistance and help of my adviser, Dr. Asres Abitie, I completed this study on my own. The study's additional contributors and sources have all been acknowledged. Furthermore, no application for a degree or other program has been made for this research.

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Statement of Certification

This is to confirm that Kefyalew Tefera Tesfaye's research work on the topic "Determinants of Industrial Park Performance: the Case of Bole Lemi Industrial Park" is his original work and has been submitted for examination with my approval as a university adviser.

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This is to certify that Kefyalew Tefera Tesfaye's thesis, "Determinants of Industrial Park Performance: the Case of Bole Lemi Industrial Park," completed under the supervision of Asres Abetie (PHD) and submitted in partial fulfillment of the requirements for the master of arts in MBA Management degree, complies with the university's regulations and meets the accepted standards.

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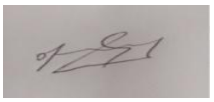
Temesgen Belayneh (PhD)  09/07/21

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Abstract

The topic determinants of industrial parks performance on the Bole Lemi industrial park have been not widely explored as an area of study. Some studies have tried to identify the determinants and its effect of park performance in the Bole Lemi industrial parks. However, with industrial park performance there have been many divergent findings due to different variables exhibiting different behaviors and models that attempt to identify factor affecting performance of Bole Lemi Industrial parks. The objective of this study was to examine the determinants of park performance and its effect on Bole Lemi industrial parks. A quantitative research design and explanatory research approaches were used. Primary data was collected using a five-point Liker scale and open-ended questions also structured interview with managers and experienced experts. The study had 96.4% response rate. Statistical Package for the Social Sciences (SPSS) version 23 was employed to analyze the data.

And it was found that the overall mean score of availability and quality of labor force, availability of infrastructure and service, park location, tax and incentives and government policies and strategies ranges between 3.798 and 3.343 which show the higher level of agreement of respondents. The correlation result indicates high level of association of the independent and dependent variables. The R2 value of dependent variable park performance and independent variables found 0.766 and 0.757. The result suggested availability and quality of labor force, infrastructure and service, park location and government policies and strategies are direct effect on park performance and determine the performance of Bole Lemi industrial park. Based on the finding from the study to improve the performance of Bole Lemi industrial park working on this independent variable may maintain its productivity and effectiveness.

Key words: ***Park Performance, Availability and Quality of Labor Force, Park Location, Tax and Incentives, Infrastructure and Service and Government Policies.***

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Acronyms and Abbreviations

BLIP	Bole Lemi Industrial Park
EIC	Ethiopian Investment Commission
EIP Eco-	Industrial Park
EIPDC/IPDC	Ethiopian Industrial Park Development Corporation
EPZ	Export Processing Zone
FDI	Foreign Direct Investment
FDRE	Federal Democratic Republic Of Ethiopia
FTZ	Free Trade Zone
GTP	Growth and Transformation Plan
IC	Industrial Clusters
IP	Industrial Parks
FGD	Focus Group Discussion
ALBF	Availability and Quality of Labor force
INFS	Infrastructure and Service
PLO	Park Location
TIN	Tax and incentives
GOVP	Government policies and strategies

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

Many countries are initiating or have developed industrial parks (IPs) as a means of expanding the industrial sector. EPZs were a key industrialization technique used by the Asian Tigers (Taiwan, South Korea, Hong Kong, and Singapore) and Tiger Cubs (Indonesia, Malaysia, Thailand, and the Philippines) (Alarakhia, 2012). Because of the success of the Asian Tigers and the broad acceptance in the 1980s of a neoliberal approach to the development in many developing nations such as s ub-Saharan Africa (SSA), the EPZs are being pushed as an economic policy template for accelerating industrialization Farole, (2010). A market- led economy, according to a neoliberal conception of development, is fundamentally more conducive to economic growth and development than a government- led economy. This neoliberal viewpoint advocates deregulation and market expansion through a variety of market- friendly policies (Walton, 1998). The fundamental neoliberal characteristics may be found in the liberalization of trade and investment, which includes, among other things, lowering import tariffs, subsidized export-led production, recruiting foreign investors, and exempting foreign firms from taxes and labor rules, Walton & Seddon (1994).

While EPZs were previously employed in Asia in the 1970s and 1980s, they have become increasingly popular in Sub-Saharan Africa in recent decades as a result of the increased embrace of neoliberal economic policy reforms backed by the IMF and the World Bank(Peter Gibbon et al., 2008, Vastveit, 2013,). Although more recent complete data has not been gathered, this figure has undoubtedly climbed greatly since then(Alarakhia, 2012). EPZs long-term rationale is that the FDI they seek to facilitate has the potential to promote backward linkages and technology and skill transfer. As a result, they are preferred in the long run due to FDIs ability to facilitate much-needed skill and technology transfers, as well as local spin-offs, increased knowledge of how to enter the global market, and improved access to international distribution channels. These prospective benefits are frequently invoked to explain the large sums of many and tax breaks required to create and promote EPZs (Vastveit, 2013).

According to Aggarwal on his competitive analysis, Industrial parks or Special economic zones (SEZ) can be an important way to promote industrialization if implemented properly, as shown in some developing countries, particularly those in South East Asia countries like China, Singapore, Sri Lanka, Malaysia and others. Know many countries have begun to implement industrial parks for their industrialization process, especially as a way of attracting foreign direct investment (FDI) mostly in the manufacturing sector, for unemployment reduction, exports, and foreign exchange generation and revenue and tax collection, etc.

Ethiopia is involved in growth and transformation plan (GTP) to eradicate poverty from the country for the long way vision in sustaining the broad and rapid growth that has been drowned from development policies and strategies an undertaking policy measures for the problems that have been faced the implementation the national plan(MoFED, 2010). In 2014, By Council of Ministers Regulation N0 326/2014, Ethiopia established the Industrial Parks Development Corporation (IPDC) to build and operate industrial parks. The Industrial Park Development Corporation is becoming increasingly vital for advancing manufacturing industries, attracting local and foreign investment, and stimulating economic change. There are 12 state-owned and constructed by government industrial parks in Ethiopia. Among them, ten of them are under operational and, the other two are ready for rent. Government bodies formed to create and operate zones are also to blame for the poor performance of most EPZ programs in Sub Sahara Africa. Area governments are inadequately empowered and autonomous in several nations and are poorly funded or operating. African countries have had problems in expressing a clear vision, building a consensus around it, moving to concerted action, and providing continuity in incentives, infrastructure and services. Successful EPZs in African countries are related to failure in articulating a vision of the country's development, building national consensus and taking action. There is also a concern that lack of concerted effort to provide continuity in incentive, infrastructure, services, and the business environment constrain most African EPZ's in attracting substantial FDI.

The emphasis and the fiscal resources of a number of EPZs throughout a country are fragmented and most never decommissioned. At least one EPD has been located in a lagging or remote area in most African countries. Only a few have done enough to tackle issues in infrastructure, work skills and access to such remote locations.

EPZs were designed to draw investment by allowing countries to better leverage a key source of low-cost labor comparative advantage. It is well established that African EPZs are not globally competitive as platforms for processing activities due to a comparative disadvantage in labor. The expense of tax expenditures appears to be underestimated in comparison to the direct benefits in terms of investment and jobs. Sub-Sahara Africa is possibly the only place where tax breaks (holidays) get easily renewed, and where firms are allowed to shut down and reopen under another name in order to continue enjoying tax breaks. In successful zones, customs operations are identified as critical sources of competitive advantage (Farole, 2011)

Achieving linkages between zone-based firms and the domestic economy has long been a major challenge in zone programs. Training programs and vibrant local labor markets are critical to facilitating knowledge spillover. Low worker skills, limited vocational training, and rigid labor market are major barriers to integration.

Bole Lemi Industrial Park, built by the Industrial Parks Development Corporation, with the establishment of council of ministers proclamation no is Ethiopia's first state-owned and built industrial park (IP). The park is 156 hectares total area in size and is located southeast of Addis Ababa. According to Ethiopia's investment commission, the park has 20 shades, and the park contains companies engage in export business, most of them in the areas of textile and apparel, the remaining are leather and leather products. The capacity for creating jobs is about 35,000 when it employed at full capacity (http://www.ipdc.gov.et/index).

It is critical to investigate the operational success of the country's first state-owned and controlled and operated Industrial Parks in order to determine factors influencing the performance of industrial parks in Ethiopia. And analyzing their impact on its operational performance can play a key role in focusing on the most essential elements influencing the performance of industrial parks, as well as providing feedback to scholars working on enhancing the performance of prospective parks. And this may enables the policy makers and researchers work of the issues affecting the performance of the country's industrial parks.

1.2. Back Ground of the Organization

The Ethiopian government is investing heavily in the phenomena of industrial parks, and over 20 industrial parks are being built along key economic corridors, each with distinct specialties in key fields of manufacturing especially in the field of apparel and apparel products and leather products. These industrial parks will be created and financed in a variety of ways, ensuring a long-term and inclusive collaboration between the government and private industrial park developers. Furthermore, investors thinking about entering industrial parks are extensively vetted to ensure cohesive and amicable relations among them, all with the same goal of ensuring enhanced productivity and competitiveness in the park. The Bole Lemi industrial park, for example, that has been operational since 2014 widely occupied by foreign companies engaged on apparel and leather products. Bole Lemi is IPDC's first industrial park in Ethiopia, with an emphasis on exports. Bole Lemi Phase I (156 hectares) began operations in 2014, with all pre-erected factories already rented to more than 12 different businesses, including investors from Taiwan, China, India, and South Korea, in industries such as textile, garment, and shoe production. According to the agreement with the investors, around 95 percent of the items are sold to the foreign market, thereby increasing the country's cash earning capabilities. Moreover, the enterprises use local raw materials such as skin and hides as an input for their products. Bole Lemi Phase 2 (186 hectares) is now being constructed in conjunction with the World Bank Group. The Bole Lemi Industrial Park is a large and sophisticated industrial park in Addis Ababa, Ethiopia's capital. The company exports Apparel related company and other aspects of business activity is established in several foreign nations. The area normally covers two major areas with 156 hectares of the first and 185 hectares of the second phase. The site is being built under the supervision and administration of Ethiopia's Industrial Parks Development Corporation (IPDC). The industrial park has high opportunities for employment since the park created more than 16,000 jobs and exports of finished goods the value of 180,961,599.93 USD (IPDC, 2021, 6 month report). This huge amount of foreign currency is big impact on the country’s economy.

1.3. Statement of the problem

The central point of this study is to identify the determinants of industrial park performance and their effect on the performance of the Bole Lemi Industrial Park. Aggarwal (2005) identified the performance determinants of Special Economic Zones in South East Asia by examining governance quality, incentive packages, and infrastructure facilities. In addition, according to Newman and Page (2017), the performance of industrial parks in Africa is determined by incentives, a lack of skilled labor infrastructure, and the location of the park's various infrastructure and resources. Farole, n.d., found that criteria linked to company licenses and regulations in the zone were less important in determining the park's performance in the other study. Industrial parks in Ethiopia are recent phenomena, nearly no more than ten years of age. Parks are critical for economic growth, and they have extraordinary benefits. Static and dynamic objective results are the goals that are used to measure the success of most industrial parks. The static results are (increasing exports, attracting external direct investment and creating employment) and dynamic outcomes such as technology absorption, development skills, industrial rehabilitation and economic diversification (Farole, 2011) compared to performance and learning from global economic zones in Africa for his study. Ethiopia's industrial parks have identified performance determinants due to the significant delays in clarifying the institution and regulatory scheme (Newman & Page 2017). Extremely different and various goals and incentives which have failed to work together toward a shared aim are vulnerable. According to (Mulu & Daba 2019), factors such as a lack of trained and qualified workers, a lack of local, se mi- finished supplies of park materials, a shortage of rental accommodation for park employees, an inadequate trade, financial and banking system, inefficient activity in parks and costly shipping services and the lack of operational capabilities are being investigated and identified. And Asfaw and Lemi (2019) identified the determinants of park performance as being related to the industrial park, the national business environment, and, more specifically, the high level of labor and the absence of an adequately skilled labor force. Regardless of whether or not the Bole Lemi industrial park establishment is good, it has an impact on industrial performance and will result in decreased organizational productivity as well as in the industrial park's and industrial park's performance. At this time, the industrial park performs below the expectations that emerged due to different factors playing a role in performance, like logistic supply and management, poor infrastructure quality and service, employee commitment and poor management of employee handling as preliminary survey

approved before main research conducted. As a result, government policy, tax and incentive programs, park locations, infrastructure and service, and labor force quality and availability dedication have all decreased for a variety of reasons, but no study has been conducted in the Bole Lemi industrial park previously. Therefore, the researchers seek to fill this gap by investigating determinant factors that affect industrial park performance and to know what effects those factors have on the performance of the Bole Lemi industrial parks.

Research Questions

The main aim of this research is to identify the determinants of industrial park performance and their effects on the performance of the Bole Lemi industrial park. Therefore, this research tried to answer the following questions:

1. What are the factors determining the Bole Lemi industrial park's performance?
2. What effects have those factors on the performance of Bole Lemi industrial parks?

1.4. Objective of the study

Bole Lemi Industrial Park is Ethiopia's first state-owned and contracted industrial park, and studying its performance is a new phenomenon in the Ethiopian context, with the following main and specific objectives.

1.4.1. Main objective of the study

It is important to examine the factors that affect the performance of the Bole Lemi Industrial Parks and to identify the impact on the performance of the park.

1.4.2. Specific objectives

1. To identify the variables determining the Bole Lemi Industrial Park's performance to achieve organizational goals.
2. To study the effect of determining factors on the performance of the Bole Lemi Industrial Park, not to accomplish the park's goal.

1.5. Significance of the study

The study is significant in revealing previous problems that have occurred on the ground that are related to the performance of industrial parks. The study is expected give in- depth information regarding the determinants of industrial park that affect the performance BLIP. Since industrial parks are growing throughout the country there are different factors affecting industrial park performance. So in order to get effective industrial parks in the country, the researcher provides the information needed for the industrial park developers and also for the investors who are participated in the field. It also highlights the gap between policy makers using the study as input to revise policy and, finally, those researchers in need of deep research can use it as a blueprint.

1.6. Scope of the study

The research was conducted on the Bole Lemi Industrial Park only because it was the first industrial park in Ethiopia. As a result, the researchers believe that a representative sample from this target population can be drawn. The study encompasses five selected park performance determining factors which are used as study variables: the availability and quality of labor, infrastructure and service, tax and incentives, park location and government policies and strategies. The study includes only administrative employees of the companies, government office employees and other stakeholders inside the park. This study did not include operational employees of the companies because their numbers are huge; the owners of the companies are not willing to give time to participate on research for workers and because of Covid-19 the IPs protect to visit shads. The study is limited to identifying determinants of Industrial Park performance, as well as descriptive and inferential statistics techniques of data analysis. Finally, the study is geographically limited to the Bole Lemi Industrial Park.

1.7. Limitations of the Study

This study has some limitations that the researchers discovered while doing it. During data collection, some respondents were unsure about the concept of elements of industrial park performance. A shortage of acceptable source papers, particularly those referring to the determinants of industrial parks in Ethiopia and the park, as well as a lack of cooperation from a few interviewees, were encountered by the researchers. Furthermore, because the bulk of my respondents were administrative staff, reaching them on time was challenging due to

their hectic schedules and participation in multiple initiatives. It was believed that the data collection would take a long time. Companies had a difficult time finding workers because of COVID -19, as the owners forbade anyone from entering the company's compounds. The researcher was forced to train himself via the internet because COVID -19, the Econometrics course, was poorly taught, and learning how to use SPSS software in particular was time-demanding. Aside from these and other limits that may arise during the research, the researcher has done his best to come up with thorough results that assist in meeting the study's objectives.

1.8. Definition of Terms or Concepts

Performance is an organization/degree/level department of target attainment rather than a person (Ghalem et al., 2016). Ghalem Furthermore, according to the Cambridge dictionary, performance is how well a person performs a job or activity, a machine, etc. Cordero (1989) also defined the efficacy of performance (i.e., measurement of output to assess if it helps achieve goals).Effectiveness (i.e., measuring resources to determine whether minimum amounts are used in the production of the outputs). A zone is a physically or legally defined "economic space" contained within domestic territory.

Eco-industrial parks (EIP) According to Al-Quradaghi, P. Zheng and Ali Elkamel, EIPs are also called sustainable, low carbon, green, or circular zones. Industrial parks are designed to improve the social, economic and environmental performance of their resident firms, including through the promotion of industria l symbiosis and green technologies delivering resource efficiency and resulting in a competitive advantage, promoting climate-resilient industries and green value chains as well as inclusive and sustainable business practices and socially responsible relations with surrounding communities (Al-Quradaghi et al., 2020).

Special Economic Zones (SEZ)

It is a generic term that encompasses a geographically delimited area, usually fenced in, single management or administration, eligibility for benefits based upon p hysical location, and separate custom area and stream-line procedures (Learned et al., n.d.).

Export Processing Zones (EPZ)

Duty- free zones are focused on manufacturing for export, generally providing export subsidies in the form of tax holidays and having no or minimum export quotas.

Free Trade Zones (FTZ)

Free Trade Zones, as stated by Zhang and Hao, are delineated areas with duty-free zones that provide warehousing, storage, and distribution facilities in order to attract new business and foreign investments. They can be found at most ports of entry around the world (Zhang, Hao; Ilhéu, 2014).

1.9 Organization of Study

This study paper is organized into five chapters. The first chapter deals with the general background of the study, statement of the problem, research questions, objectives, research, significance of the study and limitations of the study. The second chapter provides a thorough examination of the theoretical and empirical literature. The third chapter presents the details of the methodology used in the study, such as research design, population and sampling techniques. The fourth chapter is dedicated to the detailed analysis and interpretation of the data collected for the study. Finally, the summary of findings, the conclusions, the limitations and recommendations are discussed in chapter five.

CHAPTER TWO

2. LITRATURE REVIEW OF RELATED TOPICS

2.1. Introduction

This chapter presents an extensively reviewed literature which seeks to place the study in a suitable theoretical context. The theoretically, conceptually and empirically linked literature for the study includes ideas on the determinants of the Bole Lemi Industrial Park's operational performance determinants. The impact of these determinant factors on operational performance is studied further, particularly in developing countries such as South East Asian countries, countries, and South American studies.

2.2. The Definitions and Concepts of Industrial Parks

Industrial parks are broad concepts and have different definitions to reflect the variety within them. The common terms used to define industrial parks, which were built by the United Nations Industrial Development Organization (UNIDO), have a broad definition. UNIDO defines industrial parks or special economic zones as "a tract of land developed and subdivided into plots according to a comprehensive plan with the provision of roads, transportation, and public utilities, sometimes also with common facilities, for use by a group of manufacturers" (UNIDO, 2019, p10).In addition to this, the terminology used to substitute for the concept of an industrial park is a special economic zone, defined by the World Bank in 2009.

"Special economic zone is a generic term that covers recent variants of the traditional commercial zones. There are several unique features of the basic definition of a special economic zone: (a) it is a geographically delimited region, typically physically secured; (b) it has a single management or administration; (c) it provides advantages based on its physical position within the zone; and (d) it has a separate customs area (duty- free benefits) and streamlined procedures (Zeng, 2010, P2). And Farole states in his book Special Economic Zones:

"... Zones are usually provided with a physical infrastructure supporting the activities of the firms and economic agents operating within them. Real estate, highways, power, water, and telecommunications are usually included in this infrastructure. Typically, the infrastructure consists of industrial or mixed-use operation parks and the main transport infrastructure,

linking the zone to its origins, markets and economic hinterland. Unless areas are legal spaces in countries, businesses are usually placed in industrial or mixed-use parks "(Farole, n.d. 2011).

Industrial Park is a broad range of concepts also used to represent, such as export processing zones, free-trade zones, special economic zones, high-tech zones, enterprise zones and free ports, etc. The terms used in various concepts related to industrial parks result from differences in the objectives, functions, or forms of these parks, differences in the economic policy terminology of various countries, and the determination of specific industrial parks or special industry zone programs to differentiate themselves from the competition.

2.3. History of Industrial Parks/Special Economic Zones

These first parks were designed to encourage external trade by the implementation of free ports, a region which was free of local prohibitions, taxation, tariffs and excises on transport (imports, exports and exchanges) (Farole, 2011). It was built in early 1704 in Gibraltar, 1819 in Singapore and 1848 in Hong Kong and the use of industrial parks for economic purposes. (Zhang, Hao, 2014) In 1937, the United States of America established the first modern industrial park design in Brooklyn, New York's Navy Yard. Following World War II, the concept was expanded. Zone development in Latin America began in the 1960s in Colombia, Porto Rocco, and the Dominican Republic. In the Asia zone, development started in South Korea, the Philippines and Lanka.

2.4. Special Economic Zones/Industrial Parks in Africa

In sub–Saharan African countries, Special Economic Zones or Industrial Parks were launched in several countries in the early 1970s (Liberia, Mauritius, Senegal), but were not properly operational until the 1990s or 2000s (Farole, 2011).

In Africa, SEZs are important to consider. Most countries are latecomers in implementing modern industrial zones, and most of them are still in the early stages. Except for Mauritius, almost all Sub–Saharan African countries' industrial parks are said to have made significant progress in harnessing the dynamic potential of economic zones as an instrumental part of the process of long–term structural transformation. Following the adoption of a resolution by the United Nations Economic and Social Council (ECOSOC) recommending the improvement of port, customs, and trade zone facilities in developing countries,

Industrial park areas vary based on their cause of formation and can be developed into industrial parks. Based on the source of resources and type of operation, industrial parks can be categorized into endogenous resource parks exogenous Park or a mixed resource park (Aynalem, 2019).

In the Ethiopian context, industrial parks are established by proclamation No 886-2015, and the objectives of industrial park establishment are based on the five main points listed below. Regulating the naming, operation and creation of industrial parks contributes to the technical and industrial infrastructure of the country, enhances private sector involvement in manufacturing and relates to investment in manufacturing. The federal industrial parks act refers to the creation of ample job opportunities and achieving sustainable economic growth in the territory of Ethiopia. This Industrial Park Proclamation No. 886/2015 states that the industrial park concept in Ethiopia is:

"... 'Industrial Park' shall mean an area with distinct borders, designated by planned infrastructure and different services, such as roads, electricity and water, is a single-station shop for the development of comprehensive, integrated, diversified or selected industries' functions and has special stimuli to implement planned and system-oriented development plans" (No.886/2015).

2.5. Benefits of industrial parks

The objectives of most industrial parks/EZSs programs are dynamic and static outcomes. Dynamic outcomes are long-term outcomes, such as technology absorption, skill development, industrial upgrading and economic diversification. The static outcomes are the export potential, employment generation capacity and foreign direct investment capacity of the parks. Nallathiga, (2007), Farole (2011), UNDIDO (2019)), and FIAS (2008) in their studies the first importance of industrial parks or special economic zones is the employment of a large number of young, especially females, intensive labor attraction fields of manufacturing and service industry sectors. The second importance of industrial parks or special economic zones is to increase economic diversification and exports that can facilitate IPs/SEZs by attracting foreign direct investment (FDI). Third, the benefit of IPs/SEZs is the ability to earn foreign exchange by exporting goods to other countries, particularly those with the best balance of import and export. Another benefit of IPs/SEZs is helping the country with knowledge sharing through on-job training or training in the long run. Also, local

companies benefit from employing skilled and trained employees from these international companies.

In general, the success of industrial parks is measured by two main categories of benefits, "static and dynamic" economic benefits. Static economic benefits are short-term economic benefits such as employment benefits, growth of exports, increased government revenue, and the earning of foreign exchange. Dynamic economic benefits or long-term benefits are benefits such as skill upgrading and innovation, the transfer of technology from international companies to domestic companies, diversification of export products and the improvement of the productivity of local firms.

With the formation of the First Five-Year Plan from 1958 to 1962, and two further five-year plans from 1963-1973, Ethiopia started industrial development in the middle of 1950. It draws international investment and boosts Ethiopia's manufacturing economy (World Bank, 1985). Following the military government's takeover of power in 1974, all medium and large-scale manufacturing sectors were nationalized and declared socialist. Nationalization has continued to protect major economic activities' ownership. In 1991, extensive economic changes were undertaken to manage the economy, led by the Ethiopian Revolutionary Democratic Party (EPRDF). In the three stages from 1992 to 1999, restructuring industries with deregulation, trade liberalization, and privatization were the core aspects of the program that were implemented in the economic measures of the Structural Adjustment Program (SAP). In 1998, an export promotion plan was implemented by the Ethiopian government to influence export progress in the region, leading up to the creation of an export promotion agency. The strategy aimed at encouraging high-value exports of agriculture was developed in 2002/03 with the result that manufactured products such as clothes, textiles, leather and leather items were labor. The government's large growth vision, Agricultural Development Led Industrialization, (ADLI) is the cornerstone of the Economic Development Strategy (IDS). According to Gebryesus, his studies in 2013 covered the following principles: a) Strong links between industry and agriculture; b) Export-oriented sectors to guide industrial development and favoritism. iii) Labor-intensive industries tend to maximize employment by capitalizing on comparative advantages; iv) Public-private partnerships. To transform Ethiopia into a middle- income country by 2025, the Sustainable Development and Poverty Reduction Program (2002-2010), the plan for Accelerated and Sustained Development to End Poverty (2005-2010), and thus the expansion and Transformation Plans

I and II (GTPI 2010–2015, and GTPII 2015–2020) were developed. Several East Asian economies, such as South Korea, Malaysia, and China, have set an example (MoFED, 2010).

2.6. Contributions of Industrial Parks for Host Country Economy

2.6.1. Stimulating Investment and Creating Employment

One of the main goals and the most essential contribution of any EPZ to the host economy is to reduce unemployment, in particular where urban unemployment or informal activities are considerable (P Gibbon et al., 2008). These EPZs aim at providing large-scale jobs in nations with labor surpluses (Coupet & Mayer, 2007). Thus, the EPZs are anticipated to produce a significant number of jobs, supply those employed with income (wages and salaries), get some cash through employment income taxes from the government and allow workers to develop their industrial skills. Most activities performed by local employees in EPZs are low-tech and do not require any soft skills relevant to the development of the industrial sector. Most of the jobs in the EPZs are held by female employees. Although EPZs have created jobs and absorbed surplus labor in some host countries, employment in EPZs constitutes only a small fraction of the labor force in these countries (Coupet & Mayer, 2007).

The establishment of industrial parks in Ethiopia helps the country to attract foreign companies and FDI inflows attracted to zones are sustainable. For example, in 2019, in eleven state-owned industrial zones, 3.5 billion USD of investment inflows and more than 60 thousand employment in the industrial parks owned and operated by (IPDC 2013, 6 month report). A positive impact on employment is that foreign companies employ local workers, except in management positions.

2.6.2. In Foreign Direct Investment Attraction

EPZs help developing countries attract foreign investment and create jobs. The long-term logic of EPZs is that they can facilitate much- needed talent and technology transfers, as well as local spin-offs and increased knowledge of how to reach the global market. FDI entails money flow as well as the transfer of experience and technology that would otherwise be unavailable in the host economy. Neoliberal proponents claim that because developing countries typically have limited access to capital, technology, and skills, FDI plays a vital role in providing capital for economic development. According to a report by the International Monetary Fund and the World Economic Forum, the probability of long-term

gains materializing is low because they take a long time to materialize. In low-income countries lacking industrial capability, like those found in Sub-Saharan Africa, FDI is expected to initiate export- led industrialization by accumulating knowledge for the country. It is anticipated that attracting FDI (through multinational corporations) to the host countries will provide domestic firms with access to global marketing and distribution channels. The proponents of neoliberalism argue that, as developing countries usually have limited access to capital, technology and skills, an important function of FDI is to provide capital for economic development for these countries (Vastveit, 2013).

EPZs attract mostly short-term, 'footloose' FDI that can easily relocate if better investment conditions appear elsewhere. The possibility of long-term benefits is low as it requires a substantial length of time for them to occur. This is a major challenge for introducing FDI-focused EPZs as countries are forced to continually compete with each other.

The focus is on the production sectors: textiles and garments, leather goods and leather goods, agricultural processing and pharmaceutical and chemical products. Ethiopia favors FDI in certain areas. There is a significant belief in attracting FDI within the country within infrastructure development and thus the development of economic parks, which has been initiated by the government. Industrial parks have been built throughout the country, with some already operational, such as those in Bole Lemi, Mekelle, and Hawassa.Industrial parks like Kombolcha have commenced, partially. Other parks are under construction, such as (Jimma, Debrebirhan, Bahir Dar, Bole Lemi II, Kilinto, and Adama II). FDI majority from 1992-2017 Ethiopia received $2.2 billion (24 percent) in FDI from China, $1.5 billion (17 percent) from Saudi Arabia, $992 million (10 percent) from Turkey, $724 million (8 percent) from India and $689 million from the Netherlands, France, Ire land, Germany and the UK (7,6%) (Cohen & Kaczorowski, 2005).

2.6.3. Diversification of Export Base

Another essential issue when constructing the EPZs in terms of mitigating risk is export development and diversification, particularly with respect to a reduction in depende nce on primary commodities prone to substantial global price volatility (P Gibbon et al., 2008). Textiles and electronics have historically been the dominant sectors within EPZs. Some countries depend on exploiting specific foreign market opportunities accessed through donor programs. The introduction of the EPZ is expected to shift us away from an agricultural

product-based economy and toward an industrialized economy. By introducing EPZs, governments anticipate moving from an economic economy based on non-processed agricultural products to an economy that relies on manufactured goods with higher and stable global market pricing and is less prone to militarism (Vastveit, 2013). Experience has shown, however, that EPZs are often dominated by only a few industries. Historically, textiles and electronics have dominated the EPZ (Santhappar & Alam, 2005) sector, but this trend is absent in almost every African EPZ (Farole, 2010). The agricultural processing and 'other manufacturing' sectors dominate African EPZs. Some EPZs also make the country very likely to shift access to the market and preferences to a single market (ILO, 1998). Moreover, certain EPZ, especially in the SSA, rely on the exploitation of unique external market opportunities through donor programs such as the AGOA and the phased-out Multi-Fiber Act Multi-Fiber Agreement (MFA) (Vastveit, 2013).

2.6.4. Transfer of Technology and Skills

FDI in EPZs is expected to result in the transfer of technology to domestic firms and the upgrading of local workers' skills of technology from EPZ firms to the local economy can be embodied in physical assets such as machinery or intangible assets, namely patent rights. Multinational FDI is likely to improve the local labor market through training.is considered effective if it affects all levels (from lower to management levels) and, most important, when the labor movement (labor turnover) is high. This high level of knowledge would only be transferred through human capital if skills acquisition and transfer occurred.

However, this has not been an across-the-board phenomenon due to factors such as low turnover and a lack of skilled labor in the EPZs. The chances of technology transfers occurring are generally high when on-the job training takes a general focus rather than being specific. Training in management and technical skills tends to only happen on a small scale, with little effect on skill levels. Research and development (R&D) activities are likely to be retained in the home countries of foreign companies. Foreign investors in the EPZs often prefer to use their own nationals in managerial and technical positions. Research and development activities are likely to be retained within foreign companies' home countries when FDI is located in countries with a low cost of labor. The transfer of knowledge has also had a significant impact on domestic textile companies. FDI in EPZs is supposed to result in the transfer of technology to domestic enterprises and the upgrading of local workers' skills. Research and development (R & D) activities are more likely to be kept in low-cost home

countries. Other than the Asian Tigers, certain EPZ operational countries have profited from the spread of know- how and skill transfer (Vastveit, 2013). Developing governments should therefore try to expand their domestic business opportunities and capabilities to learn from the EPZs (Warr, 1989; Stoever, 2008). The productivity of FDI also depends on the extent, longevity and quality of the connections between foreign investors and the nationa l economy (Vastveit, 2013). FDI in EPZs is expected to result in the transfer of technology to domestic firms and the upgrading of local workers' skills. However, although skill transfer has occurred, it has not been an across-the-board phenomenon. This may be due to factors such as low labor turnover and lack of access to advanced technology.

2.6.5. Potential Foreign Exchange Earnings

One of the key advantages of the EPZ is the ability to earn foreign currency. Developing countries are having a difficult time attracting FDI as the primary source of investment in EPZs. Most developing countries make little or no contribution to the balance of payments. Theoretical challenges to the export- led growth plan have highlighted this tendency as well. In EPZs, a heavy reliance on foreign investors is unlikely to optimize the potential for foreign exchange returns. According to J. Kumaran, a balance between domestic and foreign investors should be advised in order to keep foreign currency revenues created by domestic enterprises (Jayanthayan, 2003). Foreign exchange earnings represent one of the main benefits expected from an EPZ. Despite the fact that the EPZs have a lot of potential to earn foreign exchange for the balance of payment, this experience has not been widespread in most developing countries. This is because the neoliberal approach to export- led growth and the EPZ strategy requires no control over the repatriation of earnings and profits out of the host country. Most EPZ firms are international manufacturing firms that tend to buy a few local goods, instead of importing most of their raw materials and then exporting the finished goods (Jayanthakumaran, 2003).

2.6.6. Making Connections to the Global Value Chain

Under AGOA, Ethiopia is trying, due to the involvement of China and other foreign investors in such industries, to build a name for itself among the world's mass apparel and garment producers. But, Ethiopia’s involvement in AGOA to export leather shoes and light manufacturing industries to internationa l markets has failed to achieve the target 15- fold increase in apparel and livestock exports to US $1.5 Billion in the first GTP.

The role of the domestic market plays an important role not only for local firms, but also for foreign-owned firms. Infrastructure may play an important role in stimulating the industrial market. Ethiopia has started to build a new electric dam and the construction of a railway that connects Addis Ababa to Djibouti is a game-changer, facilitating the transportation of goods to and from the port and cutting costs accordingly. Ethiopia is clarifying its position on the development of green economic growth. In order to establish a connection between industrial parks and the country's green economy, it is necessary to encourage sustainable growth and social equality. Industrial parks have had a significant impact on green development. Factories engaged in the manufacturing sector will not pollute the environment. The mix of industrial transformation and connections to industrial areas will contribute to the development of urban development. Combined with urban development plans, urbanization may be developed with the mobilization of vast quantities of human resources and capital (Morris et al., 2016).

2.7. Operational performance of the Industrial Park.

Performance represents the level of performance of the job mission of an individual. According to Treacy and Wiersema, cited in Zack et al (Al-Tit, 2017), suggested three operational performance related capabilities that provide a base line for competitive advantage customer intimacy, product leadership and operational excellence. Product leadership refers to competition based on product and service innovation. According to Selvam, (2016), customer intimacy relates to competition in terms of the strength of customer satisfaction retention. On the other hand, operational excellence relates to competition by virtue of the efficacy of the internal process. The word "business performance" refers to a category of organizational effectiveness that encompasses both operational and financial outcomes (Selvam et al, 2016). Operational success can be thought of as a precursor to financial performance, mediating the effects of capital. Operational performance is related to capabilities that provide a base line for competitive advantage, customer intimacy, product leadership and operational excellence. In the Supply Chain Management domain, Arif-Kahan et al suggested there are three forms of operational efficiency in Supply Chain Management: flexibility production, resource performance, and resource performance. According to these authors, performance versatility relates to the responsiveness of an organization, production performance relates to the ability of an organization to provide a higher level of customer support, and resource performance concerns the ability of an

organization to achieve productivity. (2017, Al-Tit) Because of their numerous contributions to economic growth, job creation, and innovation, the performance of small and medium-sized businesses has been regarded as one of the most important critical factors underlying the economic success of both developed and developing countries(Farole n.d.) SEZs provide tax incentives, subsidies and usually some free trading schemes together with export, investment, job creation and productivity spillover conditions on businesses in the export area (Newman & Page, 2017)

The performance of industrial parks or Special Economic Zones is a performance that considers three types of outcomes. (1), Static economic results are derived in the short term as a medium of trading and investment, export and employment through the deployment of economic zones. (2) Dynamic economic outcomes, including technology transfer, structural change. This includes diversification, upgrading, and increased openness and (3) socioeconomic outcomes, such as the quality of jobs created and gender differences (Warr & Menon, 2015).Also, UNIDO key performance indicators (KPIs) can be defined for an entire industrial park, an individual facility, or various processes at the park or an individual facility. In line with the core 'inclusive and sustainable industrial development' (ISID) principles, these guidelines set forth three indicator categories. Industrial park performance indicators include economic performance indicators, social performance indicators and environmental performance indicators (UNIDO, 2019).

2.8. Regulation and Policy System of the Parks

2.8.1. Legal Framework of a Park

Park legislation is the basic condition for its establishment and to ensure its normal operation. It provides the management body, the enterprise and the stakeholders with common codes of conduct, and provides mandatory, authoritative written offers for all sides once disputes occur. The basic issue in park legislation is that, no matter what the socio-economic system the hosting country implements, the legislation of the park law should follow the current international codes for economic operation. Based on their hierarchy, the legislation of the park can be divided into three levels, Federal level, local (regional) level and park level. The federal level legislation is the supreme park law and reflects the most sensible ideas in the country. This is the Industrial Park Proclamation 886/2015 in Ethiopia. Other prior laws, such as (foreign) investment laws, etc., are also legal guarantees of the park if they exist.

Local legislation can take one of two forms, depending on the country's governance system. ,if the country is a decentralized system in which local states have a constitutional right to make laws, and then the park can be legislated for by the local state. The second form is that if the country is just opening up its economy to foreign countries and uses the park for experiments, the country can grant the local state the authority to legislate for the park even if the country lacks unified legislation for the park. It should be noted that special instructions and authorizations should be marked in the articles of the law, if the local regulations are special and conflict with the country's higher-level laws.

At park level, it is the management's main body that is responsible for the administrative issues of the park. And the highest management body is needed to make the law. However, if the upper- level law is not completed (which is a common situation) because the laws cannot list all the rules and procedures in practical operation, then the park's administrative body can formulate implementing rules or temporary provisions for law-related affairs so as to ensure the smooth operation of the park. However, these rules cannot be referred to in the judicial process since they are only normative documents and have inadequate legal effect.

The legal system of a park has at least four basic components. These include park regulations, enterprise registration regulations, park land management laws and park labor management laws, article 23. Each of these regulations requires detailed investigation of the contents and forms so as to identify issues specific to Ethiopia, and address them for the effective operation of the park. The following are the most important issues that must be addressed in the park regulations. Formulation of park law according to the constitution of the country provides approval for park establishment, its total land areas the parks established and its four boundaries. Functions of the park, the first issue that should be clearly specified in the park's regulations are the 'functions of the park'. These include the park's allowance and encouragement for foreign enterprises to invest and operate in the park. ways of investment and cooperation which can be either wholly foreign owned, joint ventures or collaboration with domestic enterprises the industry categories in which foreign capital is allowed and encouraged to invest, and the industries not allowed to operate in the park; Land ownership, land ownership, the means of acquiring land, and who is permitted to own land and under what conditions, Park administrative agency and its functions, Preferential treatment of the park This may include benefits related to land, tax, and terms of benefits (No.886/2015, 2015).

2.8.2. The Park's Policy System

A park's policy system is used to promote the park's development. In designing the policy system, it is critical to consider certain key issues that are critical to achieving the goal. The policy's purpose, direction, and instrumental functions should all be clearly defined. Improving labor- force living conditions is a critical component of human development and poverty reduction. It is likely that firms take measures that are directly targeted at improving the living conditions of labor to reinforce their productivity. The main areas of firm intervention are transportation, housing, and the health and education of laborers' children. SEZ Jobs and Skill Formation: In the beginning, labor- intensive industries such as clothing, footwear, and electronic part assembly dominated the SEZs. Such sectors use basic, low-cost technologies and need a low-skilled workforce. Workers are thus trapped in low-skill jobs. It's, however, argued that SEZs still help in creating a skill base by introducing workers to the rigors of economic discipline, punctuality, control and meeting dead lines (Zhang et al., n.d.2018).

Aggarwal cited Matthews and Kaplinsky (2001) but argued that a primary criterion for hiring labor within the zones is taken into consideration as 'prior experience' and thus zones benefit from the experience of the labor. It isn't labor that gets such benefits from zones. A complete assessment of the impact of EPZs should take into account both direct and indirect employment creation by zones. Unfortunately, comparable data on the indirect employment effects of EPZs isn't widely available. Limited evidence that is available indicates that the indirect employment effects of zones could be more pronounced than the direct effects (Aggarwal, 2007).

The ratio of indirect/direct jobs created was as high as 1.4 in Madagascar (Razafindrakoto and Roubaud 1997) and a few in the 1980s in Mexico, and 2.7 in Puerto Rico. Cling and Letilly (2001) argued, while analyzing the impact of Masan SEZ in Korea, that the success of Masan SEZ (Korea) in direct employment contribution is moderate, but its impact on indirect employment is expected to have increased significantly. This is because subcontracting to local enterprises in this zone has grown considerably. Demand for complementary services and goods may also generate employment opportunities in several sectors of the economy. The construction, transportation and financial sectors have a ll been greatly stimulated as a result of zone operations in Mauritius. In Sri Lanka, local producers of packing materials

grew significantly and began to play an important role in supplying these materials to SEZ firms (Zhang, Hao; Ilhéu, 2014).

2.9. Determinant Factors of Industrial Park Performance

2.9.1. Marketing and Investment Promotion

Most SEZ authorities lack the scale and specialization to be effective in investment promotion. Therefore, close cooperation with national investment promotion agencies is often critical. This is usually best achieved through formal institutional links. Closely related to the issue of coordination is that of defining clear roles and responsibilities for the various parties involved in the investment promotion efforts, to avoid duplication and eliminate the risk of important activities falling through the cracks between two organizations. Such a definition is important not only between the investment promotion agencies and the SEZ authority, but also between the SEZ authority and private developers (assuming that the program includes private developers). The role of the zone authority is a general one (promoting the overall program), while developers play a more tactical role, promoting individual projects. The timing of promotional efforts is important because many zone programs promise too much too soon.

One of the difficulties in marketing a zone program is determining when to begin promoting it. Once the concept of an SEZ program has been approved, there is a natural desire to begin marketing immediately (Selvam et al., 2016).

Incentive structures within SEZ authorities often result in favoring the quantity of investors over quality, which leads to poor realization of stated investment intentions. One of the problems identified in most of the zone programs under study, but particularly in the African and Asian programs, was a poor conversion rate between promised and actual investment.

In many cases, licenses are given to firms that are not capable of realizing investments or that simply hope to extract some rent from holding the license. This situation stems, in part, from the incentive structures that the zone's authorities face. Their performance and, in many cases, their revenue stream are often judged on the number of licenses they issue. The problem is also linked to the often- misplaced desire to fill up the space in the zone as quickly as possible. But forgoing quality for quantity has several negative implications (Zhang, Hao; Ilhéu, 2014).

Investors may pay an initial license fee but never follow through and operationalize their investment (or they may start but go out of business quickly), often because they are unable to obtain sufficient funding or they are not financially stable. This has been a major problem in Nigeria, Senegal, and Bangladesh. Space in the zone may be filled up with investors who are unlikely to meet the program's objectives in terms of employment and exports or are unlikely to deliver sufficient revenue (e.g., through service fees) to the operator to cover operating costs. A disparate set of companies and industries may be set up in the zones, limiting the potential for establishing clusters and linking with local suppliers. Finally, low standards send the wrong signal to important foreign and domestic investors about the quality of the zone. High-profile investors are unlikely to want to participate in a zone full of unknown companies or companies of questionable quality. Targeted marketing and anchor investor strategies have proved highly effective in many zones (Farole, n.d.2011).

2.9.2. Management and Administration of Zones are Inefficient.

EPZs have a considerably greater chance of success if the design, creation and operations of the EPZ are solidly managed (Watson, 2001). Weak government bodies formed to create and operate zones, as well as to control zone operations, are also to blame for the poor performance of most EPZ programs in the Sub Saharan Africa. Area governments are under-empowered and un-autonomous in several countries, and they are under- funded. Others lack budget control and have restrictive constraints on pay and terms and conditions of work (FIAS, 2008).

While it is obvious that the administration of EPZs must meet the demands of the entrepreneurs who set up enterprises in EPZs, literature (e.g., Watson, 2001) suggests that EPZs have been conceived and operated too many times in Africa by bureaucrats who lack experience of running a business. According to the literature, EPZs are over-designed, cost increases and government subsidies are necessary. There are frequent delays which contribute to corporate losses. Service levels reflect those outside of EPZs, which again leads to obstacles and losses for companies (Watson, 2001).

The Sub Saharan Africa region has consistently remained the least in terms of business-friendly regulations. According to Page (2012), the cost of doing business in Africa is, on average, 20-40% above that of other developing countries.

2.9.3. Lack of Vision, Consensus, and Continuity

African countries have had problems with expressing a clear vision, building a consensus around it, moving to concerted action, and providing continuity in incentives, infrastructure and services. Successful EPZ programs in Sub Saharan Africa have failed to deliver expected outcomes because of a failure to act with regard to certain elements of the program. Some African governments make too- frequent shifts in policy, reducing investors' confidence that favorable EPZ policies will persist, and that continuity is needed. There is also a concern that a lack of concerted effort to provide continuity in incentives, infrastructure, services, and the business environment constrains most African EPZs from attracting substantial FDI. EPZs in African countries are related to failure in articulating a vision of the country's development, building national consensus and taking action (Watson, 2001).

2.9.4. Location of the Parks

The competitive position of EPZs within countries also depends on the competitiveness of the EPZ program. According to the literature, one of the primary reasons for the failure of zone initiatives is poor site selection (Vastveit, 2013).In Africa, political rather than commercial or economic reasons are too often influenced by the location of EPZs (Farole, 2011). In this context, EPZs are also utilized to create investment and jobs in remote places indicative of a low economic level of activity, despite longstanding evidence that this is not the case (Farole & Moberg, 2014). As a result, the emphasis and the fiscal resources of a number of EPZs throughout a country are fragmented and most are never decommissioned (Farole & Moberg, 2014, 2017). According to Farole (2011), most African countries have at least one EPD located in a lagging or remote area, but only a few have done enough to address issues of infrastructure, work skills, and access to such remote locations. Previous studies demonstrate that it has frequently not been beneficial to use EPZs as a regional development tool to create investment and jobs, as building an EPZ in a remote place requires comparable expenditure on infrastructure (Engman et al., 2007). If no existing infrastructure is available in remote areas, the expense of creating the necessary infrastructure is significantly more than that of a well-developed area. Easy access to skilled work is typically restricted in underdeveloped communities (Kusago & Tzannatos, 1998, Jayantha Kumaran, 2003). These findings provide an important lesson for latecomers: when choosing a location for an EPZ, EPZ planners

should keep in mind that the economic benefits will be most readily available if it is located adjacent to well-developed locations, typically urban centers, where required infrastructure, utilities, support services, and port facilities are frequently available, or if it is economically feasible to constitute. Engman et al. (2007) stress the importance of this, if the country has less expertise in EPZ development and management. This is particularly crucial. Governments often take on large obligations, create expectations, and risk distorting markets by undertaking large-scale demarcations of land for eventual zone development. By acquiring large tracts of land for future development of SEZs, governments effectively incur an obligation to potential private investors as well as local communities to deliver on this infrastructure. Land acquisition, compensation, and displacement issues are still receiving insufficient attention in many zone programs (J. Bobonis and J. Shat, 2007).

2.9.5. Comparative Disadvantage in Labor

EPZs were designed to draw investment by allowing countries to better leverage a key source of low-cost labor comparative advantage. It is well established that African EPZs are not globally competitive as platforms for processing activities due to the comparative disadvantage of labor. The work force is unskilled, which is connected to low productivity. The skills gap poses a major constraint to industrial development in Africa. Most investment in EPZ programs is primarily for efficiency (Farole, 2010).

2.9.6. Inadequate Knowledge

Inefficient zone administration and management is in part due to a lack of sufficient knowledge relevant to running EPZs. A serious knowledge gap is expressed in the design and implementation of tax incentive schemes. The EPZ policymakers cannot determine the real costs and benefits of the EPZ initiative. SSA is possibly the only place where tax breaks (holidays) get easily renewed, and where firms are allowed to shut down and reopen under another name in order to continue enjoying tax breaks (Farole & Moberg, 2014). The government often refers to previous successful EPZ cases and assumes that models that worked in one country are replicable elsewhere. The expense of tax expenditures appears to be underestimated in comparison to the direct benefits in terms of investment and jobs. SSA is possibly the only place where tax breaks (holidays) is easily renewed (Farole & Moberg, 2014).

2.9.7. Registration, Licensing, and Administrative Procedures

Having a one-stop shop is the objective of virtually all zone programs, but although many countries have made significant progress (for example, in shortening the time between application and license provision), truly effective administrative delivery remains hampered by weak institutional authority and coordination in most zones. Zone operators play an important bridging role between investors and the government. This can be a valuable source of differentiation for operators.

2.9.8. Inadequate Infrastructure

Inadequate infrastructure is well-documented as a major factor that discourages investment. Such challenges can appear to be caused by limited finance and/or poor governance competence. There is a gap of at least 20-percentage points between Sub Saharan Africa and the rest of the low- income countries on almost all major infrastructure measures. There are widespread concerns that large-scale acquisition of land for EPZ development may not be desirable. This would result in agricultural land grabs on account of the huge land requirements for such projects. It is also noted that designation of land tends to raise its value substantially, worsening already limited financial resources (Farole & Moberg, 2015).

2.9.9. Customs, Trade Facilitation, and Transport

In successful zones, customs operations are identified as critical sources of competitive advantage and are given the authority and capacity to deliver an efficient clearance service. The institutional arrangement through which the customs service is delivered in the zone appears to be critical to its success. This is true for two reasons. Customs regimes are a significant source of corruption in some countries, and because government tax revenues are at stake, customs processes are often a source of cross- institutional conflict. Customs effectiveness goes well beyond the gates of the zones; it depends critically on the facilities and operations at ports and airports.

2.9.10. Promoting Linkages with the Local Economy

Achieving linkages between zone-based firms and the domestic economy has long been a major challenge in zone programs, particularly those in low-skill, labor- intensive, footloose sectors such as garments. Moving beyond these sectors may create additional opportunities for improved links. This has significant implications for the potential of these zone programs

to contribute to dynamic benefits to the economy, particularly in terms of facilitating industrial upgrading through knowledge and technology spillovers from zone-based FDI. One of the most important sources of spillovers from FDI is through forward and backward supply linkages. To facilitate spillovers, zones must remove policy and administrative barriers to local market integration. Effective training programs and vibrant local labor markets are critical to facilitating knowledge spillover. Besides supply relationships, the main channels for spillovers from FDI are likely to be through the movement of skilled labor across firms. Low worker skills, limited vocational training, and rigid labor markets are major barriers to integration (Coupet & Mayer, 2007).

2.10. Empirical Literature Review

According to Mulu Gebremariam & Daba Feyisa, in the review of assessing the performance of industrial parks in Ethiopia, their case study focused on the Eastern Industry Zone, Hawassa Industrial Park, and Bole Lemi Industrial Park, interviewed eight key informants and non-participants for field observation and consulted various reported policy documents and research related to the study. According to their findings, these parks are performing well in bringing hard currency to the country and earning about 114 million USD per annum (Mulu Gebremariam & Daba Feyisa, 2019).

They found that the performance problem of the park is linked to a lack of supply of well-trained and skilled staff, lack of supply of local raw/semi- finished materials to the parks, lack of supply of rental houses for employees across the parks, inefficient trade, finance and banking system, inefficient operation of the park and expensive shipping services, lack of administrator capabilities.

According to the paper, Bezawit & Kenenisa, 2019, in their study Determinants of Industrial Park performance in Ethiopia, emphasizing Bole Lemi Industrial Park, the objective of the study is to examine the determinants of industrial park short-term operational performance and also to identify determinants of short-term and long-term factors that affect industrial park performance in the Ethiopian context. The research method they used was a cross-sectional study that used both quantitative and qualitative methods from eleven industrial units and all three government institutions in the park. The study had a 70% respondent rate thanks to non-probabilistic purposive sampling of 36 participants. According to their study, the determinants of short-term operational performance in Bole Lemi Industrial Park are

related to the industrial park, the national business environment, and, more specifically, the high level of labor turn over and the absence of an adequately skilled labor fo rce (Bezawit & Kenenisa, 2019).

Country-specific factors, such as the development of the country, the availability of cheap labor and raw materials and the overall policy regime, also confer locational advantages on producing firms. Efficiency-seeking or export-oriented investments may be influenced by the availability of cheap labor also.

According to Aggarwal, the study focused on the EPZ in Southeast Asia and covers India, Sri Lanka and Bangladesh. It examines the factors that are crucial for the success of the zones in the Southeast Asian countries. The study begins with exploring different perspectives on the economics of zones and describes the evaluation of the Special Economic Zones policy in those countries and examines the quality of governance, incentives packages, and infrastructure facilities offered by the zones across the three countries in a comparative analysis framework. Also, they analyzed the Foreign Direct Investment inflows and e xport performance of zones using available information. They conclude the management operation of the zone was affected by the overall policy regime. Wide-ranging measures were initiated by the government (Aggarwal, 2005).

His primary survey and econometric analysis found those countries wishing to take advantage of the opportunities provided by zones will have to put together a coordinated package of incentive infrastructure and good governance and their primary survey suggested that some aspects of location, facilities, and incentives are more important than others. That is the presence of social infrastructure within the zone is considered less important than the physical infrastructure. Tax breaks are preferred over subsidies, relaxation of labor laws is deemed more important than relaxation of other laws, locating zones near larger cities/ports is deemed more important than locating zones near airports or railway stations, and the availability of educated and disciplined labor is deemed more important than lower-wage or skilled labor.

According to his study, the relative advantage that special processing zone units have over the rest of the economy (in terms of incentives, infrastructure, and governance) attracts investment in the region, while overall governance and infrastructure facilities in a country decide the export competitiveness of its zones. The location of zones in the development region and /or near strategic positions, such as bigger cities, ports, and airports, affects both

investment and export competitiveness. His findings also indicate that clustering and capital intensity also affect export competitiveness. Industrial clusters of horizontally and vertically integrated industries in general, and high-tech industries in particular, would need to give up zones in the long run. Furthermore, (Newman & Page 2017) describes the current state of existing national level SEZs programs and policy measures implemented in support of their case studies on special economic zones in Africa and to advocate for policies to improve SEZ performance. The study focused on the existence and incentives offered in SEZs in 27 sub–Saharan African countries and planned or under legislation in place in 13 African countries. According to their findings, Africa's special industrial policy has been largely disappointing. The majority of African SEZs have been unable to attract global investors by achieving their level of physical, institutional and human resources and have a poor level of investment, exports and job creation. In Ethiopia, they find demonstrators' lack of investment in external connectivity and social urban infrastructure causes long delays in clarifying the institutions and the regulatory regime. Vulnerability does not consist of significantly varied aims a nd incentives for working together towards a single aim.

Farole's n.d., another study, compared the performance and learning experiences of the world in its investigation of the thematic special economic zones in Africa. The aim of his study focused on addressing some of these questions and delivering an analysis that was both data-driven and policy- focused. His study was conducted across ten countries, focusing on six African countries: Ghana, Kenya, Nigeria, Lesotho, Tanzania, Senegal, and four established zone programs in other regions: Bangladesh, Honduras, the Dominican Republic, and Vietnam (Farole, n.d.2011).

In this case, he employs a method based on secondary research and interviews with various stockholders. The researchers found a strong correlation between infrastructure quality and the level of investment, exports, and employment in the zones. Trade facilitation demonstrates a good, positive interaction with performance. There are less important factors related to business licenses and regulations in the district. There is no finding that low wages, trade efficiency, and fiscal incentives are associated with SEZ results.

2.11. Conceptual Framework

Several researchers have reached an agreement. Industrial park performance can be measured in terms of the availability and quality of the labor force, park location, available quality infrastructure, government policies and strategies, and taxes and other incentives in the park. The good practices of the mentioned points will result in good performance of the industrial park and will be enhanced to bring about growth in world trade, success, high operational performance of the park and a boom in the economy. The concepts are illustrated diagrammatically according to the following.

Independent variable

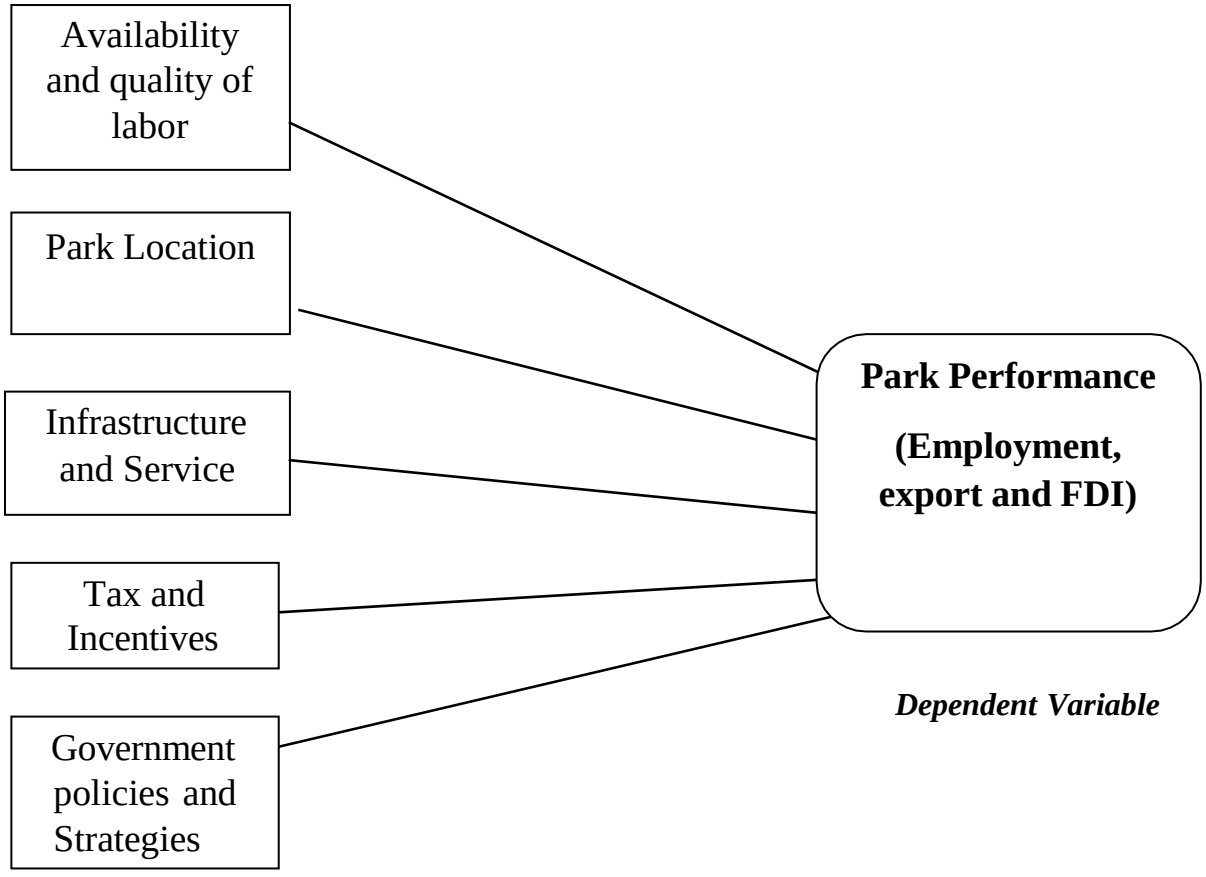


Figure 1: Conceptual frame work constructed by researcher (2021)

2.12. Research Gap

Most of the research mentioned in the literature review section focused on theoretical and empirical findings to measure the determinants of industrial parks and their effect on the parks' performance on overall export capacity from the park, employment ge neration capacity, and FDI attraction. In the case of the Bole Lemi industrial parks, several types of research have been conducted on the determinants of park performance at the Ethiopian level. However, the study focused on three variables: park location, infrastructure and service and labor force related variables on the effect of park performance, but there is no similar research done on determinants of industrial parks' performance in the Bole Lemi phase -I that are involved in the garment and apparel industry, whose products are made for the international market. Hence, the current study is intended to fill in this gap.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODS

3.1 Research Design

A study design provides data collecting and analysis settings so that research relevance and process efficiency is combined (Kothari, 1990). A research design is also a study plan that sets out the processes the researcher will use to reach the research goal and to test the hypothesis (McDaniel and Gates, 2006). To explain the effect of independent variables on the dependent variable, the explanatory research design was adopted in this study of park performance (employment creation, export generation and FDI). The research is section-specific; in this sense, due to time and financial constraints, the data was collected at one spot.

3.2 Research Approach

There are three fundamental investigation approaches, according to Creswell (2009): quantitative, qualitative and hybrid or mixed. The Quantitative method is a technique in which the researcher selects what he or she will examine and collects numeric information from the respondent utilizing the Creswell statistics (2005). This investigation has carried out a quantitative approach to the analysis of data obtained from employees of the Bole Lemi industrial park through the use of an opened-ended and closed questionnaire to achieve the study purpose. In addition, a semi-structured interview instrument was developed, and information was gathered from managers to determine their intentions on the issue.

3.3. Population, Sample Size and Sampling Technique

3.3.1. Population of the Study

The population can be defined as the total number of possible units or elements that are included in the study. Due to time and resource constraints, it is impossible to study the entire population. Here, all 214 employees and managers of Bole Lemi IP are labeled as the total population of the study.

Table 3.1: Sample Size Determination

No	Organization	Total employees	Sample size
1	IPDC Bole Lemi branch office	47	33
2	Ethiopian Investment commission Bole Lemi branch office	5	4
3	Ethiopian customs authority Bole Lemi branch	42	28
4	Pave Logistics Bole Lemi	10	7
5	Pan Affric logistics Bole Lemi	5	5
6	Seven Firms inside the park administrative employees	105	62
	Total	214	139

Table Source: Researchers construction 2021

3.3.2. Sample Size

The total numbers of population in BLIP are 214 that are categorized 139 managers and employees. Using Yamane (1967) formula the researcher determined the sample size as follows.

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

N=Population size or total population

n= number of sampling size

e= level of confidence error

With the assumption of n is the sample size N is the total target population of all staff (214) obtained from the human resource management department lists and e is the level of precision or sampling error 5% at 95% confidence level.

3.3.3. Sampling Technique

The study used probability sampling approaches to ensure that the target population had an equal opportunity to participate in the study.Kothari (2004) states that "The 'random sample' or 'opportunity sampling' of probability sampling is also recognized. In this sampling design, every object in the universe has the same chance of entering the sample."In order to determine the actual sample, the researchers used a random sampling technique. It is, so to speak, a lottery system in which the whole group picks up specific units not intentionally but

mechanically. The researcher applied a simple random sample after receiving the representative sample size of each facility. As described above, the researchers used a simple random sampling selection technique for e mployees to give them an equal chance. But the leader will purposively be identified and interviewed to get the available information.

3.4. Data Gathering Instruments

The relevant data and information were collected with the help of both structured and semistructured data collecting instruments which are briefly reviewed here under:

3.4.1. Questionnaire

A questionnaire that consists of three main sections was used to collect data from employees. The first part of the questionnaire deals with the demographic characteristics of the participants. On the other hand, the remaining two parts dealt with issues such as availability and quality of labor force, park location, available quality infrastructure and service , government policies and strategies, and tax and incentives and park performance. Both of which were prepared using a Likert scale by adapting from variety of sources and the literature review which are so many to acknowledge them in here. In addition to the closed ended items, the questionnaire had also contain six open ended items which were added with the intent of collecting respondents to opinion as to what factors of park performance and the effects that independent variables have had upon the performance of the park. These four open ended items were included as the closed ended items might not be sufficient and adequate enough to exhaustively pin point all possibilities.

The questionnaire items were also checked for their validity by my colleagues, who were assumed to have the relevant experience and insight to comment on them, in addition to my advisor. Moreover, the questionnaire has been translated into Amharic as well, so as to address the possible language barrier for employees of the park. As a result, after developing the final edited version of the questionnaire, it was put through a pilot test with twenty-eight randomly selected employees from all stratass found in the industrial park.In relation to this, some modifications were made by rewriting some of the items to make them mo re clear.

Consequently, the reliability test was done using the Crombach's Alpha method. Making use of this method, the reliability test was found for the five main parts of the questionnaire

separately. As a result, coefficients like 0.878, 0.914, 0.891, 0.921, 0.866, and 0.883 were obtained, with a cumulative alpha of 0.909 as shown in table 3.2.

3.4.2. Semi-structured Interview

A semi- structured interview instrument was prepared to collect data from managers of the park. In this case, some six items were developed and used to initiate discussion with the respondents and data has been collected making use of a field note book at times.

3.5. Method of Data Analysis

The data collected is organized, analyzed, interpreted and discussed according to the objective of the research. All quantitative data was collected and analyzed using descriptive statistics like frequency and percentage.

Whereas statistics (Pearson correlation and multiple linear regression), Pearson correlation was used to observe the relationship between the independent variable and the dependent variable. Multiple linear regressions are also applied to show the effects of an independent variable on a dependent variable.

3.5.1. Descriptive Analysis

In order to understand a variable that addresses the respondent's background and demographic data, independent park performance and variable settings have been used for descriptive analysis. The results are presented in tabular distributions of frequency and percentages. Data obtained for the variables was calculated using procedures and standards.

3.5.2. Inferential Analysis

Inferential statistics have shown the relationship between the variables and an investigation of the effect of independent variables on the performance of dependent variable parks. "Karl Pearson's correlation coefficient among related actions is one of the metrics most frequently used in the statistics of variables," Kothari (1990) says. (Field, 2012) argues that the output correlation matrix can be the coefficient of the correlation between +1 and -1, but +1 reveals a perfectly positive relationship and the coefficient of the correlation of -1 indicates a totally negative relation. Therefore, the link between independent variables and park performance was discovered through the Pearson correlation.

Multiple regression analyzes relate to the analysis of the relationship between dependent and independent variable; (Kothari, 1990).

Using this methodology, the effect of separate park performance indicators was examined in this study. SPSS version 23 is used for the analysis of quantitative data, and both descriptive statistics and inferential statistics were used.

3.6. Reliability and Validity

3.6.1. Reliability Instrument

According to Kothari (2004), a measuring instrument is reliable if it provides consistent results. Cronbach‟s alpha is a coefficient of reliability. For testing the reliability of the data instrument, is calculated from Cronbach's Alpha. It is usually used for a sample of examined individuals to measure the inner consistency or reliability test. The measure between 0.8 and 0.95 are considered to have very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability and coefficient alpha between 0.6 and 0.7 indicates fair reliability Kothari (2004). The findings of the test reveal the alpha coefficient is above 0.8 and therefore all the statements were reliable since the reliability threshold is 0.886 Park Performance, 0.878 Availability and Quality of Labor, 0.914 Tax and Incentives, 0.891 Infrastructure and Service, 0.921 Park Location, and 0.883 Government Objectives & Strategies. The alpha results and their alpha values for the elements of the questionnaire have been very good (i.e. >0.909).Therefore the internal consistency reliability of the measure was excellent. This indicates that the data was reliable since an alpha coefficient higher than 0.70 signifies that the collected data has a comparatively high internal reliability and can be assumed to mirror the respondent‘s views on the study problem.

Table 3.2: Reliability Statistics

Items	Cronbach's Alpha	**Comment**
Park Performance	.866	Accepted
Availability and Quality of Labour	.878	Accepted
Tax and Incentives	.914	Accepted
Infrastructure and Service	.891	Accepted
Park Location	.921	Accepted
Government Policies & Strategies	.883	Accepted

Reliability Statistics cumulative

Cronbach's Alpha	N of Items
.909	28

Source: Researchers construction 2021

3.6.2. Validity of the Instrument

An assessment of what a questionnaire purports to capture can be established through a validity test (Newing, 2011). It encapsulates the discrepancies or congruence's between reality and explanations. The content validity was established by seeking the opinions of experts who are aware of the park's performance. The experts gave their thoughts on whether the questionnaire was suitable for measuring what it was supposed to capture. They basically gauge meaningfulness, clarity, ambiguity and offense. The opinions were established and adjusted to the questionnaire before using it in the main survey to improve content validity. The performance of IP was discussed with 28 managers and experts drawn from both IPDC and IP, who were selected randomly and thus helped to validate the instrument. During the pilot study, the researchers were involved in administering the research instruments and in clarifying all the unclear issues emerging from the research instruments. Before printing the final questionnaire, all the issues raised during the pilot study were addressed so as to retain the original intention of the research instrument.

3.7 Ethical Consideration

The researchers will emphasize ethical issues in all aspects of this study that require it.The respondents will be selected based on their consent. Moreover, when the questionnaires are distributed to the respondents, they will be informed and guaranteed that the information they provide will be confidential and used solely for academic purposes. Moreover, a statement conforms to the prohibition of disclosing identity details or personal references in the questionnaire. This assisted in avoiding any biased responses or unauthentic data provided by respondents, as well as making participants feel comfortable filling out the questionnaire.

CHAPTER FOUR

4. DATA ANALYSIS, PRESENTATION AND ITERPRITATION

4.1. Introduction

In this chapter, a detailed analysis of the descriptive statistics, correlation and regression results has been made. The first section presented descriptive analysis of variables. The second section deals with the correlation analysis and shows the degree of association between the study variables. And also, analysis of determinant factors based on qualitative data that collected with and open questions.

4.2. Questionnaire Response Rate

The questionnaire was distributed to 139 respondents and an additional one by the researcher. A total of 140 questionnaires distributed to IPDC Bole Lemi branch employees, Ethiopian Investment Commission Bole Lemi branch, Ethiopian customs and revenue authority, Pave logistics, Pan Affric logistics employees and seven company administrative staff of the industrial park (Jay Jay, Shentis, New Wide Garment, Vestis, Lyu Shout, Ashton Apparel, and Evertop) were distributed. Of which 135 questionnaires had been properly returned. The rate of return of the questionnaire is 96.4%, as stated by Babbie (2010) as a high rate of response.

4.3. Descriptive Statistics

4.3.1. Background Information of the Respondents

The respondents' population characteristics, such as gender, age, marital status, work experience, and educational background, are presented. This element of the study covers the personal data of the respondents. Thus, it was required for analysis of the demographic profile of the respondents to the variability of the study data.

Table 4.1 Gender of Despondent

Gender	Frequency	Percent
Male	68	50.4
Female	67	49.6
Total	135	100

Source; Own Survey (2021)

As illustrated in table 4.1 above, the gender proportion of male respondents was 50.4%, while 49.6% of the respondents were female. This result shows that the number of males and females in the industrial park is almost equal.

Table 2. Age Category of the Respondent

Age Range	Frequency	Percent
18-25	42	31.1%
26-35	50	37%
36-45	25	18.5%
Above 45	18	13.3%
Total	135	100%

Source; Own Survey (2021)

Table 4.2 above shows the age ranges of the respondents who took part in this study. The data shows that 31.1% of the respondents are in the age range of 18-25, 37% of the numbers shown are in the 26-35 age range group, 18.5% age group falls into the 36-45 age and 13.3% of the respondents' age above 45. According to this information, the majority of the employees at the Bole Lemi industrial park were young.

Table 3 Marital Status of the Respondents

Marital Status	Frequency	Percentile
Single	71	52.6%
Married	57	42.2%
Divorced	5	3.7%
Widowed	2	1.5%
Total	135	100%

Source; Own Survey (2021)

According to the marital status table above, 71 (52.6%) of the workers in the Bole Lemi industrial park were single, 57 (42.2%) were married, 5 (3.3%) were divorced, and (21.5%) were widowed.

Table 4 Level of Educational Qualification

Level of Education	Frequency	Percentile
Diploma	30	22.2%
First Degree	78	57.8%
Second Degree	27	20%
Total	135	100%

Source; Own Survey (2021)

With regard to the educational composition of the respondents, 30 (22.2%) are diploma holders, 78 (57.8%) are first degree holders, and the remaining 27 (20%) of the respondents are second degree holders. Based on the data presented, we can conclude that employees of the Bole Lemi industry were educated and the majority had a first degree. If the park uses this work force properly, they will have production knowledge, which will increase the park's productivity.

Table 5 Work Experience of the Respondents

Work experience	Frequency	Percent
Less than 1 year	37	27.4%
1-2 year	60	44.4%
3-5 year	36	26.7%
Greater than 5 year	2	1.5%
Total	100	100%

Source; Own Survey (2021)

The research respondents were asked to indicate their work experience in the industrial park. According to the data, 37 (27.4%) of respondents had less than one year of experience, 60 (44.4%) had 1-2 years of experience, 36 (26.7%) had 3-5 years of experience, and (21.5%) had more than 5 years of experience. We can understand that the majority of the respondents have work experience of between 1-2 years. This indicates that the majority of respondents was well- versed in the operation of industrial park companies and was aware of the var ious factors that influence the park's performance. And I anticipate that they will provide the necessary information for their studies. According to Zigmund (2005), it is recommended that the selected respondents should possess the relevant experience tha t the researcher intends to study so as to be included in the research.

4.3.2 Descriptive Statistics of the Respondents on Park Performance

This section of the study provided a descriptive presentation of the dependent variable park performance and independent variables (availability and quality of work force, infrastructure and service availability, taxes and incentives, location of the park, and government policies and strategies) variables included in the questionnaires. It discussed the mean standard deviation of all variables for those surveyed.

Table 6 Descriptive Statistics of Determining Factors of Park Performance

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Park performance	135	2.00	4.67	3.3877	.55570
Availability and quality of labor	135	2.00	4.60	3.4874	.51694
Tax and Incentives	135	1.86	4.86	3.3439	.65309
Infrastructure and service	135	2.00	4.33	3.3778	.50585
Park Location	135	2.00	5.00	3.7985	.54608
Got, policies and Strategies	135	1.67	5.00	3.6123	.67802
Average				3.568	0.581

Source; Own Survey (2021)

The total arithmetic mean and standard deviation of the research variables dependent and independent variables are presented as the respondents reacted in the table 4.6 above and are the determining factors of industrial park performance. The study found that the majority of the industrial park staff responded to the determining factors with a mean value of 3.798 and standard deviation of 0.546 park location, a mean value of 3.612 and standard deviation of 0.678 government policies & strategies, a mean value of 3.487 and standard deviation of 0.506 availability and quality of labor, a mean value of 3.778 and standard deviation of 0.506 infrastructure and service and a mean value of 3.344 and standard deviation of 0.65 tax and incentives. This result indicates that Bole Lemi industrial park performance determinant factors are park location, government policies and strategies availability and quality of labor are major factors. So the park administration should work on these factors to maintain its performance.

Table 7 Determining Items from the Variables

Independent Variable	**Items**	**Mean**	**Std. Deviation**
Availability and quality of labor force	The available workforce with skill	4.28	1.020
	Turnover is high inside the Park	4.36	.973
Park location	The proximity to a sea port	4.39	1.203
	The proximity to the raw materials	4.35	1.205
	The proximity to major road	4.24	1.123
Government policies and strategies	The supporting policy	3.55	1.208
	Clearly defined purpose and direction policy	3.69	1.136
	Short bureaucracy of issuing license	3.60	1.294

Source; Own Survey (2021)

The items in the major determining variables of the park performance of Bole Lemi industrial park are eight, as shown in table 4.7 above. These items have a mean value range of above 3.5. This means when the industrial park works hard to solve these factors, it can solve most of the problems related to park performance.

4.3.3. Dependent Variable: Park Performance

The goal of this study is to measure park performance variables, and participants were asked to rate the points on the five Liker scales based on how well their industrial parks performed. The result of the dependent variable of park performance was presented in means and standard deviation. Finally, the aggregate or total means of the items were presented.

The dependent variables of the study, as stated earlier in the methodology unit, are park performance, which has been measured by summing the three short-term performance indicators, namely employment generation capacity, export generation capacity, and FDI attraction.

Table 8 Park Performance Mean and Standard Deviation

No	Item	Mean	Std. Deviation
1	Park's goal achievement of export	3.48	1.190
2	Park's goal achievement of job creation	3.42	1.103
3	Park achieved goal of FDI generation capacity	3.26	1.172
	Average	3.387	1.15

Source; Own Survey (2021)

According to the findings, the park's export generation capacity produced a high result, with respondents agreeing that the park met its goal with a mean of 3.48.Whereas the park's employment generation capacity received a mean score of 3.42 from participants, and the park's FDI attraction received a mean score of 3.26, the park's performance on FDI generation and employment creation goals was deemed successful. This means the industrial park achievement in employment creation 48.9% of the respondents, export generation 51% of the respondents and FDI attraction 46.7% of the respondents agree the goal of the park is achieved.

4.4 Inferential Statistics

The results of inferential statistics used in this study were based on the person's correlation coefficient and multiple regressions results of the SPSS version 23 outputs.

4.4.1 Correlation Analysis

Correlation describes the strength of the association between the variables. The value of the correlation coefficient ranges from -1 to +1. According to Mac Daniel and Gates (2006), a correlation coefficient between 0.1 and 0.29 indicates a poor relationship between the items. A correlation coefficient ranges from 0.3 to 0.49 implies there is a moderate relationship among variables. The correlation coefficient of greater than 0.5 indicates a strong relation between the two variables. A person's correlation, also known as a bi-variant correlation coefficient, was used to determine the relationship between park performance and independent variables.

Table 9 The Relationship Between the Dependent Variables and Park Performance

Model	PP	TINC	INFS	PLO	GOVP	LABF
Park performance Correlation	1					
Availability and quality of labor Correlation	.783**	1				
Tax and Incentives Correlation	.437**	.431**	1			
Infrastructure and service Correlation	.777**	.687**	.457**	1		
Park Location Correlation	.566**	.497**	.416**	.423**	1	
Gov., policies and Strategies Correlation	.452**	.349**	.214*	.280**	.403**	1

Source; Own Survey (2021)

In the preceding table, 4.9 shows that the correlation between park performance and labor availability and quality is significantly correlated, with a correlation coefficient of 0.783 and a significant 2-tailed value of 0.000.At the 5% level, this variable correlation result shows that there is a strong and statistically significant relationship between park performance and labor availability and quality. The correlation coefficient between park performance and infrastructure and service is 0.777, significant, and two-tailed 0.000, indicating a strong positive and statistically significant relationship at the 5% level. Park location has a strong positive relation to park performance with the person's correlation coefficient of 0.566 and significant at 2-tailed is 0.000, which is a strong and statistically significant relationship at the 5% level. On the other hand, the correlation between government policies and strategies with

park performance is .452 and a significant 2-tailed 0.000. This indicates a moderate positive association and is statistically significant at the 5% level. Taxation and incentives are related to park performance.437, and the significance of the two-tailed 0.000 relationship is positive and statistically significant at the 5% level.

According to Brooks (2008), if y and x are dependent and independent variables are correlated, it means that y and x are related in a completely symmetrical way. As a result, changes in x cause changes in y, or changes in y cause changes in x. It is simply that there is evidence for a linear relationship between the two variables and that movement in the two is on average related to an extent given by the correlation coefficient.

4.4.2 Testing Assumptions of Classical Linear Regression Model (CLRM)

In the multiple linear regression models, the OLS method is used to estimate the parameters. In order to have a correlated estimator value, the five assumptions should be satisfied. When the assumptions are violated, the OLS estimator produces biased, inconsistent and efficient results, which are no longer valid, since the standard errors are wrong.

The researchers therefore ran a diagnostic test to defend against the likelihood of false regression and its interpretation. The following tests are performed to ensure that the model is impartial, consistent, efficient and valid.

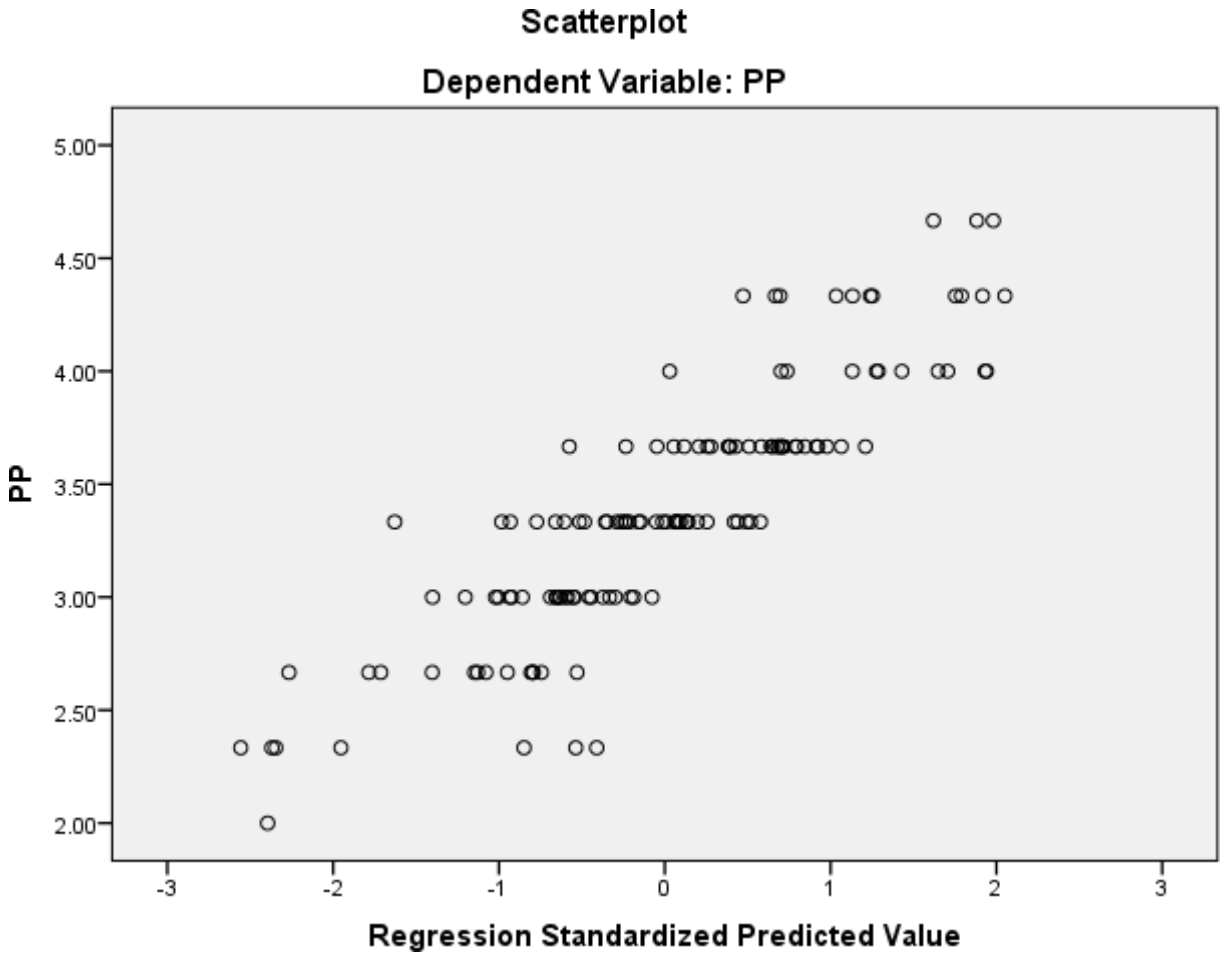
4.4.2.1 Test for the Residual Has Zero Mean

The linear regression assumption is that the error is zero, conditional on the covariates. In this study, the researchers included the constant term in the regression equation. The error term is therefore assumed to be zero average value and the rule is not to be violated.

4.4.2.2 Test for Heteroskedastisity

The classical linear regression model assumes the variance of the error term is constant. This is known as homoscedasticity. The researcher employs a scatter plot technique to determine whether the assumption of hysteresis is violated. A scatter plot is a map of a bivariate distribution. This means that the map is about two variables (X and Y) that are paired with each other. The results of the study in figure 4.1 showed the standardized residual against the standardized predicted value. So, the homoscedasticity assumptions are not being violated.

Figure 4.1 Hetroscedasticity Test



Source; Own Survey (2021)

4.4.2.2 Test for Autocorrelation

This is the first series of the year to be released by the company. It shows the difference between a time series and a lagged version of itself over successive time inter vals, mathematically known as autocorrelation. The Durbian Watson test, which is the most commonly used technique for detecting autocorrelation, was mostly used by the researchers. If the DW test is positive, 1 is a perfect positive correlation, while an autocorrelation of -1 represents a perfect negative correlation. The DW test of the research comes within acceptable range, which means the absence of a serial correlation between mistakes, as shown in table 4.1 below.

Table 10 Auto Correlation

Model	Durbian Watson
1	1.644

Source; Own Survey (2021)

4.4.2.4 Test for Multicollinearity

When your predictor variables are significantly associated with each other, you get multicollinearity. Your regression model will be unable to correctly link the variance in your result variable to the appropriate predictor variable. This is an issue, as your correlation coefficients may be too small or too high for you to see them at all. If this happens, you need to use a correlation matrix. If the predictors are multicollinear, they will be strongly correlated. This means the VIF value is below 10. As shown in table 4.11, the VIF value is less than 10 and it implies that the explanatory variable is multi-linear.

Table 11 VIF and Tolerance Statics for Multicollinearity

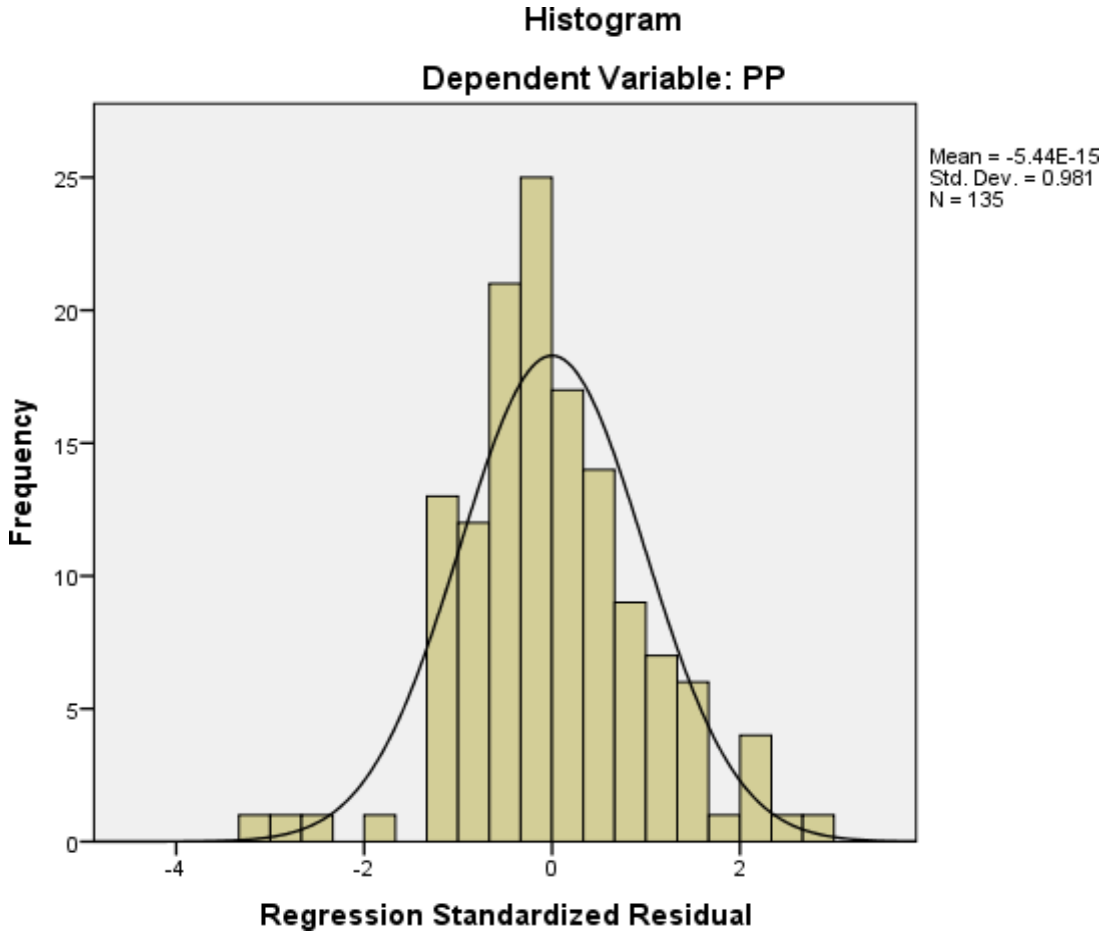
Model	Variables	Collinarity statistics	
		Tolerance(1/VIF)	VIF (%)
1	Availability & quality of Labor Force	.462	2.163
	Tax and Incentives	.723	1.383
	Infrastructure and Service	.493	2.027
	Park Location	.648	1.543
	Government Policies and strategies	.808	1.238

Source; Own Survey (2021)

4.4.2.5 Test of Normality

The Classical Linear Regression Model assumes that the term distribution is usually normally distributed. All variables in a linear regression study must be multivariate normal. To determine normality, a goodness of fit test, such as the Kolmogorov-Smirnov test, can be performed. When the data is not normally distributed, a non- linear transformation may be used to solve the problem. Thus, the result in figure 4.2 shows that the residual mean is zero and that its variance is around 1, which means that the error distribution is normally distributed.

Figure 4.2 Histogram



Source; Own Survey (2021)

4.4.3 Analysis of Variance (ANOVA)

The ANOVA test allows a comparison of more than two groups at the same time to determine whether a relationship exists between them. If no real difference exists between the tested groups, which is called the null hypothesis, the result of the ANOVA F-ratio statistically will be close to 1. As shown below in table 4.12, a significant P-value of 0.000 and an F-value of 84.4 were presented for the 95 percent confidence level. It implies that the regression model is an appropriate prediction to explain the impact of independent variables (availability and quality of labor, tax and incentives, infrastructure and services, park location and government policies and strategies) on park performance at Bole Lemi industrial park.

Table 12 Analysis of Variance (ANOVA)

Model	Sum of squares	df	Mean square	F	Sig.
Regression	31.692	5	6.338	84.409	.000
Residual	9.687	129	.075		
Total	41.379	134			

Source; Own Survey (2021)

4.4.4 Regression Analysis Results

The model has fulfilled the five diagnostic tests in accordance with the classical linear regression model. One or more of the assumptions may not be met when analysis of data is made. This isn't the first time a model has been proven to be incorrect. Even when the data contradicts certain assumptions, there is usually a solution. The results of the regression model, which examines the effect of explanatory variables on the performance of parks, are shown in the following table.

Therefore, variable park performance is explained, whereas the availability and quality of labor, tax and incentives, infrastructure and services, park location and government policies and strategies were all found to be satisfactory variables in explaining the Bole Lemi industrial park performance. The R-value represents a simple correlation and is .875, which indicates a high degree of correlation. The R2-value indicates how much of the total variation in the dependent variable (park performance) can be explained by the independent variables (availability and quality of labor, tax and incentives, infrastructure and services, park location and government policies and strategies). In this case, 76.6%, this is very high. The results of ANOVA indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of determining the performance of the Bole Lemi IP. This was supported by an F statistic of 84.409 and the reported p-value (0.000), which was less than the conventional probability value of 0.05significance level.

Table 13: Regression Coefficient of the Variable

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	95%Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(constant)	-.552	.204		-2.710	.008	-.955	-.149
Availability & quality of Labor Force	.402	.067	.374	5.966	.000	.269	.535
Tax and Incentives	-.008	.043	-.010	-.193	.847	-.093	.076
Infrastructure and Service	.464	.067	.422	6.958	.000	.332	.595
Park Location	.149	.054	.146	2.759	.007	.042	.255
Government Policies and Policies	.121	.039	.147	3.104	.002	.044	.197
a. Dependent Variable: PP (park performance)							

Source; Own Survey (2021)

In the study, the determinants and impacts of industrial parks in the Bole Lemi Industrial Park were identified. The determinants park performance is analyzed using linear regression model taking used park performance as dependent variable and availability and quality of labor, tax and incentives, infrastructure and services, park location and government policies and strategies as explanatory variables. The rejection criterion is that if the p value of the interacting term is less than 0.05 (p value<0.05), do not reject except variable tax and incentive. Thus, the optimal model explained by:

$PP=\beta 0+\beta 1(PE)+\beta 2(R)+ \beta 3(LABF)+ \beta 4(TINC)+\beta 5(IS)+\beta 6(PLO)+\beta 7(GOV)+\mu$

Where; PP=Park Performance (Dependent Variable)

β = Coefficient of estimate

ALBF= Availability & quality of Labor Force

TINC=Tax and Incentives

INFS=Infrastructure and Service

PLO=Park Location

GOVP=Government Policies and strategies

μ+ error term

PP=-.552+.402LABF+.464INFS+0.149PLO+0.121GOVP-.008TINC +μ

From the above table, results show the availability and quality of labor, infrastructure and services, park location and government policies and strategies statically significant. The p-value of 0.000 was found to be statistically significant at a 5% level of significance and positively associated with the park's performance.

Availability & Quality of Labor Force

The results of the regression model adopted revealed that the availability and quality of labor had a positive and significant (B=0.402, p=0.008) relationship with the performance of the IP. The finding implies that the performance of IP would increase by 0.402 units if the availability and quality of labor was increased by one unit. It is obvious that human capital is one of the main factors which can increase the productivity of industries. Human capacity measures the skill composition of the labor force. Skilled labor can achieve better productivity performance. This also implies that if the availability and quality of labor were to be reduced, the park performance of Bole Lemi would suffer.

Infrastructure and Service

The results of the regression model adopted revealed that at 5% significance level Infrastructure and Service had a positive and significant (B=0.464, p=0.000) relationship with performance of IP. Similarly, at the same confidence interval, the relationship between infrastructure and services was significantly and positively related to jobs created by IP. These findings imply that a one- unit increase in infrastructure and service quality results in a 0.464-unit increase in park performance.

Park Location

Regression results revealed that at the 5% significance level, the park location had a positive significant relationship with the park's performance (B=0.149, p=0.007). The implication of these findings is that an increase in park location by one results in an increase in park performance by 0.149 of the Bole Lemi industrial park.

Government Policies and Strategies

Finally, the results of regression analysis revealed that at 5% significance level government objectives and strategies had a positive and significant relationship with park performance

(0.147, 0.002). The results of regression analysis further revealed that at 5% significance level government policies and strategies had a positive and significant relationship with park performance of Bole Lemi industrial park. Nevertheless, we can clearly see that government policies and strategies have a limited effect on the park's performance and it increases only 0.121 units when government objectives and strategies increase by a unit.

Table 14 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.875	.766	.757	.27403

a)Predictors: (Constant), GOVP, TINC, INFS, PLO, LABF

Source; Own Survey (2021)

4.4.5 Interpretation of R-square and Adjusted R-square

R-square is a statistical measure that shows the independent or variable variance ratio of a dependent variable in a regression model. R2 also illustrates how well one variable's variance explains the variation of another. R-square is a number between 0 and 1 that represents a percentage between 0% and 100%. A square of 100 percent R indicates tha t the independent model adequately describes the dependent variable. The model does not account for 0% of the response data on average. The R- value is 0.875, which indicates a high degree of correlation coefficient. The R2-value indicates how much of the total variation in the dependent variable (park performance) can be explained by the independent variables (availability and quality of labour, tax and incentives, infrastructure and services, park location and government policies and strategies) in this case, 76.6%, this is very high.

4.5. Determinants of Park Performance Based on the Qualitative Data

In this section, the data is collected from employees, supervisors, and line managers through the open-ended items included in the questionnaire. This data is narrated thematically below, making use of the research questions developed at the beginning of this study. Consequently, respondents have added the following issues as additional determinants of industrial parks and the effects of these determinants on the performance of Bole Lemi industrial parks.

It is primarily due to employees lacking adequate quality and quantity. It is so, said the majority of respondents in this regard. This will affect the performance of both export

earnings and foreign direct investment. In relation to this, some of the respondents have also admitted the salary payable at the firm is the least as compared to other similar firms outside the park.

The other important issue forwarded in relation to the causes of park performance emanates from turnover. Some of the respondents who responded to this question revealed that the job was tedious and the same kind of routine, which somehow made them feel bored. Problems with the management of domestic workers, especially in the internal mana gement of employees, affect the performance of the park as they do not create stable employees in the companies. It also incurs additional recruitment and training costs, as well as time waste. As far as the implication of turnover on organizational perfor mance is concerned, the respondents have stated the following issues:

Because the company must train new employees for three months before they begin work, the remaining employees are expected to carry the entire burden in order to meet job orders. Even so, the company mostly failed to satisfy customers' expectations in terms of meeting deadlines and quality as well.

Even after three months of pre-service training, most newly hired employees cause numerous defects in the production of garments in a variety of ways, affecting the dedication and effort exerted by all other employees as the production begins, passes through, and ends, involving various departments and a large number of employees. In such a stepwise production process, a defect created at some point of the production process in some way manifests in all other steps as well. Therefore, the increasing number of turnover challenges results in delays in the company's delivery time, which consequently loss of valuable and long-term customers as explained by some of the respondents.

Most respondents also mentioned issues such as the availability of infrastructure such as roads, electricity, hotels, cafeterias, water, clinics, shops, and bank service. Improving factory performance reduces costs, time spent on material dalliance, and access to utilities. The proximity of the park and the well-being of the infrastructure make it difficult for workers to arrive on time and for work due to transportation issues. The other thing mentioned by respondents is that inconsistencies in government policy on paper and in practice have affected the park's effectiveness

4.6. Responses of the Managers from Structured Interview

In this section, the data collected from five managers and experienced middle- level experts through a semi-structured interview by the researcher is presented and interpreted. In this regard, the section is organized in the sense that it can best answer the research questions framed for the study.

When it comes to the existence of turnover, almost all of the five managers admitted that turnover is prevalent at Bole Lemi industrial park. The underlying reason for the observed high employees' turnover in the park is mainly due to low salary and benefit packages as well as misunderstandings with foreign employers, which are common grievances among workers.

One of the key informants has been in charge of Bole Lemi Industrial Park employees for the last three years. According to the respondent, the number of sheds in the park is 20, of which 18 are leased to investors. The two were recently released by companies that have built their own sheds. Because of this, two sheds are free for the time being. Others are fully occupied by the incumbent.

Staffing issues in the park are often affected by layoffs, a lack of requisite expertise and skills, and insufficient staffing. Low salaries for a company's operational workers, as well as misunderstandings with foreign emp loyers, are common grievances among workers. This will have an effect on both export and foreign direct investment goals being achieved.

The industrial park is located in a convenient location for investors, so there are not many complaints about the port, the airport and other parking facilities. He said the infrastructure is being completed, but it is not enough. For example, workers' housing, roads, and other supporting infrastructure are not fully developed. Another problem is the occasional misunderstanding of workers regarding the political situation in the country. This problem has hampered the industrial park's ability to function at all. For example, the lack of skilled and skilled labor is an ultimate barrier to investors, according to other key so urces, including BLIP OSS Expert, and the Ethiopian Investment Commission. The companies who come to invest in the park first inform the park that they need to work in different manufacturing fields, which we refer to as calling them. Some people have applied, yet they are still unable to work in the park. There is no machine knowledge even among those with BA/BSC degrees from numerous national universities, including engineering graduates. Other industrial park sources claim that technology spillover is ineffective. It is necessary to produce trained TVET

employees and higher education in order to close the gap between work supply and demand in the park. He also told me that IPDC officials regularly monitor the entire infrastructure, but that precautions are taken to ensure that it is not completed. The high turnover of manpower affected by the size and capacity of companies has a significant effect on performance. Infrastructure, such as power outages and telephone network inaccessibility, can also be a problem in production. As a result, the country could not achieve the required number of exports and expected amount of foreign exchange.

In an interview with a prominent expert, he revealed that one of the main issues is a lack of workers' services, such as rent, to which workers from all over the country are traveling. Employing particularly operational workers; turnover in the park is so high that companies must recruit and train new employees for at least two months. This is too expensive for the parks and has a significant impact on the industrial park's performance. Thus, it can be understated that this problem will have an impact on efficient and sustainable work force exploitation as well as on the number of goods produced in the park by companies, so that it does not earn a significant amount of hard currency from park products exported.

CHAPTER FIVE

5. SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

In this section, the study results summary, conclusion, and recommendation will be presented based on results and discussion in chapter four. Finally, the researcher forwarded the relevant recommendation and conclusion of the study.

5.1 Summary of Major Findings

In this study, the researchers targeted identifying the determinant factors of industrial park performance in the case of the Bole Lemi Industrial Park phase-I. The study investigated the relationship that exists between independent variables (availability and quality of labor, park location, availability of infrastructure, incentives and tax and government policies and strategies) and the park performance (employment generation, export generation and FDI attraction capacity) of the park. To achieve the objective of the study, data was collected from the Bole Lemi IP branch employees, the Ethiopian investment commission BL branch, the Ethiopian customs and authorities BL branch, from seven garment and apparel industry administrative employees, from Pave logistics and Pan Affric logistics employees in the park. The study used self-administered questionnaires to survey the target population of 214 administrative staff, with 135 of the 139 sample size respondents correctly responding and returning. The findings are also analyzed using version 23 of a statistical package for social science. Descriptive statistics, correlation analysis, regression analysis, and a quantitative approach were used for analysis.

The demographic profile of the study is a very critical input for the researcher in understanding the aim of the study and responding to the questionnaire. The descriptive statistical results show that 31.1% of the respondents are from the age group of 18 to 25, 37.0% of the respondents are from the age group of 26 to 35, 18.5% of respondents are from the age group of 36 to 45 and 13.3% are above the age group of 45. The marital status of single individuals was 71 (52.6%), married 57 (42.2%) of them divorced 5 (3.7%), and two (1.5%) of those who were widowed. According to the questionnaire response, 30 (22.2%) of the respondents are below their diploma level, 78 (57.8%) are graduates, and 27 (20%) have a second degree. The work experience in the IPs: 44.4% said they had worked for a period of

between 1 and 2 years. (26.7%) reported having worked for 3 to 5 years; another 27.4% had worked for less than a year; and 1.5% had worked for more than 5 years.

From the descriptive statistics, the result shows that most of the employees agreed with factors pertaining to park location with a cumulative mean value of 3.798 and 0.546 standard deviation, government policies with a cumulative mean value of 3.61 and 0.678 standard deviation, availability and quality of labor with a cumulative mean value of 3.487 and 0.516 standard deviation, tax and incentives being the most important factors determining the performance of the park respectively.

The very high turnover within the park, the shortage of an adequately skilled workforce, the numerous distances between the industrial parks and therefore the port and the absence of raw materials for production in the proximity of the park, and one-stop services are not fully functional to offer all the promised services, are highly determining factors. The performance of the park results revealed that the set goals and objectives in terms of attracting FDI, employment to be generated and exports to be made were considered to be unachievable respectively by 37%, 34% and 31% of the respondents.

The personal correlation analysis of the findings indicates that there is a significant and positive relationship between all the five independent variables. Significant confidence level at 95% (Sign=0.00). The regression analysis of the finding indicates that infrastructure and service, availability and quality of labor, park location and government policies have a positive effect on park performance at the Bole Lemi industrial park and are also statically significant.

The model summary of multiple regression revealed that five factors in the study accounted for 75.7 percent of the variation in the park's performance. Other factors not included in the study model account for the remaining 24.3 percent. The Nova table also demonstrated that even at the 1% significant level, the created mode l is statistically significant. Infrastructure and service have a substantial impact on park performance, with a beta value of (.464), followed by labor availability and quality (.402), park location (.149), government policies and initiatives (0.121), and tax and incentives (-.008) performance. According to the study's findings, the coefficient table shows that infrastructure and service, labor availability and quality, park location, and government policies have a positive and significant impact on park performance, whereas taxes and incentives have a negative and insignificant impact on park performance.

Finally, in some ways, managers' perceptions of the determinants of park performance are similar to the findings of the Likert scale questionnaires. They agreed with Staffing issues in the park are often affected by layoffs, lack of requisite expertise and skills, and insufficient staffing. Low salaries, as well as misunderstandings with foreign employers, are common grievances among workers. This will have an effect on both export and foreign direct investment results. Because most of the people who seek to work in the park are new, the park and the companies are forced to look for new workers and provide them with training. But they told me the research infrastructure is being closely monitored by the authorities in the IPDC, but efforts are being made to ensure that it is not fully completed.

5.2 Conclusion

The objective of this study is to examine the factors that determine the effect on the performance of the Bole Lemi industrial park. Independent variables such as labor availability and quality, infrastructure and services, taxes and incentives, park location, and government policies are measured using the dimensions. The performance of the park was used as a dependent variable. The conceptual framework could be developed to measure independent variables of park performance. The data was presented and analyzed by using descriptive statistics, correlation analysis and regression analysis through SPSS 23 statistical software to examine the factors affecting park performance in Bole Lemi, which is measured by employment generation, export generation capacity and FDI attraction. Prior to performing the, tests for multicollinearity, heteroskedasticity, auto correlation, and normality were performed.

The first objective of the study is to identify the determinant factors of Bole Lemi industrial park. As the regression results show, the availability and quality of labour, infrastructure and service, park location and government policies were all significant in determining the performance of the Bole Lemi industrial park. This implies that the park considers these variables to be very important when deciding how to improve its performance.

Secondly the aim of this study was to identify the effects of these determining factors on the performance of Bole Lemi industrial park found that the effect of the very high turnover within the park, the shortage of an adequately skilled workforce, the numerous distances between the industrial parks and the port and the absence of raw materials for production in the proximity of the park, and one-stop services are not fully functional to offer all the

promised services, are highly significant and most determining factors when we compare with others. As a result of these factors mentioned in the study and other several factors the industrial park was not performing based on the perception of the respondents.

The performance of the park results revealed that the set goals and objectives in terms of attracting FDI, employment to be generated and exports to be made were considered to be unachievable respectively by 37%, 34% and 31% of the respondents.

5.3 Recommendations

The following recommendations have been forwarded to the park developers and management of the industrial park based on the above summary of the study's findings and conclusions.

To increase the quality in skill of employees of the park specially workers on operational the park should consider working with universities and TVET colleges that can produce a professional labour force should be significantly promoted and integrated with industrial parks. Develop more training centers in industrial parks, similar to the current one. Equip these training centers with some of the industry’s most basic machinery.

To avoid significant labour turn over, it is proposed that industrial units provide salaries that take into consideration the present conditions of abandonment and salaries provided by other similar industries. Providing other facilities related to housing and recreational services.

The location of a park plays a crucial role in the success of the IPD. Industrial parks need to be easily accessible to infrastructure such as ports. The size of the plot for an industrial park and its cost must also be in accordance with business and market needs and expectations. Besides, labor availability, a large supply of human resources at a reasonable cost, and facilities for quality of life and personal/cultural services should also be considered in selecting the park's location. It is advisable to select a park location that can strengthen two or more regional states.

The park operators also consider infrastructures like roads, electricity, telecommunication services, and houses for employees, clinics, cafeterias and other important infrastructure services before starting the main operation of industrial parks. In other side, the park should check the governmental services given by different bodies whether it is given according the objectives of the park.

The government also facilitates its industrial policies and strategies in the regardless of investors were need. Policies like lobar law incentives given to investors, licensing and registration time

5.4. For Further Researchers

This study paper does some ground work to explore the factors affecting the park performance of Bole Lemi industrial park by using the availability and quality of labour, infrastructure and service, park location and government policies, taxes and incentives to identify the determinants and their effects on the park performance of Bole Lemi industrial park. This study focuses only on these variables does not indicate exact factors. Future researchers in this field will conduct research on the same topic, including variables that were not included in this study. And also increasing the sample size area by including other parks in the study is advantageous to identify other factors that determine on park performance.

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APPENDEIXES

Addis Ababa University College of Business and Economics

Department Management

Research Questionnaire

Dear Respondents:

I am conducting a thesis entitled "Determinants of industrial parks Performance: the case of Bole Lemi Industry Park" for partial fulfillment of Master of Business Administration at Addis Ababa University.

The purpose of this study is being to identify "Determinants of industrial parks Performance" at Bole Lemi industrial park and their effects on the performance of the park.

This questionnaire has been designed to seek information for purely academic purposes and hence would not affect any one in any case. Please respond to all questions, using your best estimate. The information collected through the questionnaire is kept confidential.

If you have any questions or comments about this survey, you may contact me anytime with the below preferred means of communication.

Thank you for your support and cooperation

you are faithfully

Kefyalew Tefera

Phone no. 0910405091/0955425009

Email. kefyalewtefera8@gmail.com

General Direction

1. You are not required to write your name.

2.Respond to all close-ended question items by putting "X" or tick "√'' in the boxes.

Thank you in advance.

Section One – General Questions

1. Age

18-25 ☐ 26-35 ☐ 36-45 ☐ >45 ☐

2. Gender

Male ☐ Female ☐

3. How long have you been working in this industrial park?

Less than 1 Year ☐ 1-2 Years ☐ 3-5 years ☐ >5 years ☐

4. Marital Status

Single ☐ Married ☐ Divorced ☐ Widowed ☐

5. Current Educational Qualification

Diploma ☐ FirstDegree ☐ Master's Degree ☐

PHD ☐ Other_____

Section Two

(Liker Scale)

The following questions aim to identify Determinant factors of Bole lemi industrial park performance (export generation capacity, Employment generation capacity and FDI attraction capacity of the park). Describe your level of agreement with the following statements.

Note: 1 = Strongly Disagree 2 = Disagree 3 = Somewhat 4 = Agree 5 = Strongly Agree

It.No	Item	Scale				
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
The availability and quality of labor force on park performance						
1	Availability of local labor force with required skill					
2	Turnover is high inside the Park					
3	The park offer attractive wage to the work force					
4	The work force is satisfied with the wage offered inside the park					
5	The work force is satisfied with work conditions inside the park					
Tax and Incentives related on park performance						

6	No Delays in port handling and custom processes					
7	For the import and export of raw materials, there are efficient port handling and customs operations.					
8	Low Port handling charges					
9	Exporters are given tax breaks.					
10	Import taxes on raw materials and accessories have been reduced.					
11	Existence of efficient incentive package provided by government					
12	Existence of efficient government service (custom & tax)					
The availability of quality Infrastructure and Services						
13	Having Access to Road, railway, airport and seaport					
14	There is a one-stop services and functional to offer all the promised services					
15	The availability of facilities in the park such as residence hotels and gust house					
16	Have an access to basic utilities					
17	Regular interruptions in communication services provided with in the park					
18	Charges for telecommunication services are high					
Location of the park						
19	The Park is located at the proximity of a sea port					
20	The park is located to proximity to the raw materials is used for its operation					
21	The performance of the park affected by the location from the labor market					
22	The park is located close to Airport					
23	The Park is located to proximity to major road					
Government policy & strategies						
24	The government has a policy in place to support the park.					
25	To achieve its goal, the policy has a clearly defined objective, direction, and instrumental function.					
26	Long bureaucracy of issuing license					
Park performance						
27	Do you think the park achieved its goal of **export** capacity as you planned?					
28	Do you think the park has achieved its goal of **job** creation as planned?					
29	Do you think the park achieved goal of **FDI** generation capacity as planned?					

30. The availability of labor with quality and number, identify their effects on the performance of export capacity in the industrial parks. _____

_____

31. If your answer on the questions no 20 to 24 related to location specify their impacts on Bole Lemi industrial parks performance. _____

_____

32. What is the effect of the availability and quality of infrastructure and service of basic utility (electricity, water, transportation, clinic, recreational, banking and others) on the performance of the park? _____

_____

33. What are the effects of tax incentives on the performance of Bole Lemi industrial park? ___

_____

34. What are other external and external factors that can affect in performance of the park?

_____

Structured Interview Questions for Managers

1. Is Bole Lemi industrial park generating export according the goal of the industrial parks at full capacity?

2. What is the employment generation capacity of Bole Lemi industrial park?

3. Bole Lemi industrial parks ability to attract foreign direct investment (FDI) attained successfully?

4. The Ethiopian government policy on industrial park development is attractive for investors?

5. Is the one-stop service in the park functional and does it provide all the services promised?

6. What are the challenges to the park's day-to-day operations that affect the performance?

Thank you!

Annex -A

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PP	135	2.00	4.67	3.3877	.55570
LABF	135	2.00	4.60	3.4874	.51694
TINC	135	1.86	4.86	3.3439	.65309
INFS	135	2.00	4.33	3.3778	.50585
PLO	135	2.00	5.00	3.7985	.54608
GOVP	135	1.67	5.00	3.6123	.67802
Valid N (listwise)	135				

Annex –B Correlations

		PP	LABF	TINC	INFS	PLO	GOVP
PP	Pearson Correlation	1	.783**	.437**	.777**	.566**	.452**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	135	135	135	135	135	135
LABF	Pearson Correlation	.783**	1	.431**	.687**	.497**	.349**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	135	135	135	135	135	135
TINC	Pearson Correlation	.437**	.431**	1	.457**	.416**	.214*
	Sig. (2-tailed)	.000	.000		.000	.000	.013
	N	135	135	135	135	135	135
INFS	Pearson Correlation	.777**	.687**	.457**	1	.423**	.280**
	Sig. (2-tailed)	.000	.000	.000		.000	.001
	N	135	135	135	135	135	135
PLO	Pearson Correlation	.566**	.497**	.416**	.423**	1	.403**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	135	135	135	135	135	135
GOVP	Pearson Correlation	.452**	.349**	.214*	.280**	.403**	1
	Sig. (2-tailed)	.000	.000	.013	.001	.000	
	N	135	135	135	135	135	135