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The role and importance of management functions in creating and managing a Free Trade Zone:

Zimbabwe's Export Processing Zone, a failure or not?



ABSTRACT

Globally Free Trade Zones (FTZs) have become a common feature for stimulation, growth and stabilization of economies. The success of these FTZs depends largely on the management of the implementation and operation of the FTZ. While there is empirical and theoretical data published to show the impact of FTZs from an economic perspective, it appears that the role of management in determining the effectiveness of organizations within the FTZ has received minimal attention. This study considers the role management functions play in determining the success of the FTZ model and proposes a potential solution for the countries where the model has not been so successful. This study uses a qualitative research methodology to investigate the role and importance of management and leadership in determining the success of the FTZ. The study will focus on the way the FTZ is managed, rather than the economic value of the FTZ. Data was collected using both structured and unstructured interviews with organizations and individuals with direct or indirect links to the FTZ or Economic Processing Zone (EPZ) as it was called in Zimbabwe. Thirteen senior officials from both private and government organizations were interviewed. The research questions presented to the interviewees sought to understand their experience and understanding of the role of management in the FTZs. Once collected the data was coded and analyzed to form the conclusions and recommendations. The findings indicate that the failure of the EPZ in Zimbabwe was due in part to the following factors: poor planning, lack of structure and infrastructure, inconsistent policies, lack of effective monitoring and lack of clarity of functions and roles of stakeholders. These factors can be summarized as a lack of effective management of the implementation and operation processes of the FTZ. It appears the model was not implemented as directed or otherwise implemented elsewhere in the world. This study proposes the use of a Multifaceted Management Approach to successfully manage the implementation and operation of the FTZ and institutions within the zone.