

**YANGON UNIVERSITY OF ECONOMICS**

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**THE STUDY ON THE FOREIGN DIRECT INVESTMENT  
IN THILAWA SPECIAL ECONOMICS ZONE**

**Aye Myat Mon**

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**YANGON UNIVERSITY OF ECONOMICS**  
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**THE STUDY ON THE FOREIGN DIRECT INVESTMENT**  
**IN THILAWA SPECIAL ECONOMICS ZONE**

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**Supervised by**

**Submitted by**

**Dr. Su Su Myat**

**Aye Myat Mon**

**Professor and Head of Department**

**Roll No. 7**

**Department of Applied Economics**

**MPA (22<sup>nd</sup> Batch)**

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**YANGON UNIVERSITY OF ECONOMICS  
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This is to certify that this thesis entitled " THE STUDY ON THE FOREIGN DIRECT INVESTMENT IN THILAWA SPECIAL ECONOMICS ZONE " submitted as a partial fulfilment towards the requirements for the Degree of Master of Public Administration has been accepted by the Board of Examiners.

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Department of Applied Economics

Yangon University of Economics

.....

Dr. Khin Thu Thu Thein

(Examiner)

Lecturer

Department of Applied Economics

Yangon University of Economics

**July, 2025**

## **ABSTRACT**

The objective of this study is to examine the perceptions of foreign investors operating in the Thilawa Special Economic Zone (TSEZ), Myanmar, with a focus on factors influencing their investment experience. A quantitative research method was employed using a structured questionnaire to collect data from participating investors. The study analyzed key dimensions such as economic conditions, infrastructure, institutional support, human capital, and location-related factors. Findings reveal that low costs and tax incentives are primary motivations for investment, while traditional media remains a dominant source of information. Investors report high satisfaction with the zone's infrastructure, including transportation, communication, and energy supply. Economic conditions are perceived favorably, particularly in relation to cost of doing business. Institutional and human capital factors also receive positive feedback, notably regarding legal protections and workforce competencies. However, limited specialized training opportunities present a notable gap. Location-related elements, such as environmental sustainability and utilities, are well-regarded, although potential improvements in geographic advantage exist. The study suggests strengthening specialized workforce training and enhancing locational competitiveness to further boost investor satisfaction. These insights offer valuable implications for policymakers aiming to attract and retain foreign investment for sustainable economic development in TSEZ.

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## **List of Abbreviations**

|          |  |
|----------|--|
| FDI      | Foreign Direct Investment                                    |
| SEZ      | Special Economic Zone  |
| TSEZ     | Thilawa Special Economic Zone                                |
| ADB      | Asian Development Bank                                       |
| UNCTAD   | United Nations Conference on Trade and Development           |
| IMF      | International Monetary Fund                                  |
| OECD     | Organisation for Economic Co-operation and Development       |
| OLI      | Ownership, Location, and Internalization (Eclectic Paradigm) |
| ASEAN    | Association of Southeast Asian Nations                       |
| AEC      | ASEAN Economic Community                                     |
| UNFPA    | United Nations Population Fund                               |
| ICT      | Information and Communication Technology                     |
| IT       | Information Technology                                       |
| GDP      | Gross Domestic Product                                       |
| CSR      | Corporate Social Responsibility                              |
| ECPP     | Environmental Conservation and Prevention Plan               |
| EIA      | Environmental Impact Assessment                              |
| IEE      | Initial Environmental Examination                            |
| ICSID    | International Centre for Settlement of Investment Disputes   |
| JICA     | Japan International Cooperation Agency                       |
| MIC      | Myanmar Investment Commission                                |
| MIL      | Myanmar Investment Law                                       |
| MJTD     | Myanmar Japan Thilawa Development Co., Ltd.                  |
| OSSC     | One-Stop Service Center                                      |
| TSMC     | Thilawa SEZ Management Committee                             |
| UNCITRAL | United Nations Commission on International Trade Law         |
| MMST     | Thilawa Development Company                                  |
| MOC      | Memorandum of Cooperation                                    |
| MTSH     | Myanmar Thilawa SEZ Holdings Public Limited                  |
| DICA     | Directorate of Investment and Companies Administration       |
| GAD      | General Administration Department                            |
| VAT      | Value-Added Tax  |

# CHAPTER 1

## INTRODUCTION

FDI boosts economic growth in emerging economies by injecting cash, bringing new technology, and creating jobs. For countries like Myanmar, which face constraints in domestic savings and industrial capacity, FDI represents a strategic avenue for economic expansion. It contributes not only to macroeconomic stability but also to industrial diversification and integration into the global economy. In this context, the significance of creating a conducive environment for attracting and sustaining foreign investment is paramount, particularly for nations undergoing economic transitions.

Special Economic Zones (SEZs) have been widely adopted as policy tools to attract FDI through the provision of favorable business conditions, including tax incentives, streamlined administrative procedures, and enhanced infrastructure. Myanmar's Thilawa Special Economic Zone (TSEZ), located near the commercial center of Yangon, was the first SEZ established under the country's economic reform program. Designed as a model for future zones, TSEZ aims to stimulate industrial development and strengthen Myanmar's integration into regional and global markets. It is positioned as a central hub for attracting foreign investment in manufacturing, logistics, and other value-added sectors.

However, while TSEZ has shown promising initial outcomes, its overall effectiveness and impact on investor satisfaction remain underexplored. Though several foreign firms have established operations in the zone, persistent challenges—such as regulatory hurdles, infrastructural limitations, and governance concerns—may undermine its potential. Existing literature tends to generalize the success of SEZs without delving into the specific performance of individual zones like TSEZ. As Myanmar continues to face economic and political complexities, it becomes increasingly critical to examine how these factors influence the perceptions and experiences of foreign investors operating within TSEZ.

This study aims to investigate the key factors influencing foreign investor satisfaction in TSEZ, focusing on economic, institutional, infrastructural, and locational dimensions. The findings are expected to provide meaningful insights for

policymakers, particularly in designing targeted reforms to enhance the zone's investment climate. By identifying both strengths and areas requiring improvement, the research supports informed decision-making and contributes to ongoing policy discussions surrounding SEZ governance. Given the global competition for FDI, improving investor satisfaction is essential to maintaining Myanmar's attractiveness in the regional investment landscape.

Additionally, this research seeks to assess the socio-economic contributions of TSEZ to local development, including employment generation and skills enhancement. By examining investor perspectives on these outcomes, the study provides a comprehensive understanding of the zone's broader developmental impact. The results will not only enrich academic discourse on SEZ performance in emerging markets but also offer practical recommendations tailored to Myanmar's evolving economic priorities. Ultimately, the study aspires to inform strategies that strengthen SEZ effectiveness and foster inclusive, sustainable growth driven by foreign investment.

## **1.1 Rationale of the Study**

FDI is a key engine of economic growth, especially in emerging nations. FDI boosts industrial capacity and economic competitiveness by providing money, transferring technology, and generating jobs. For developing countries like Myanmar, FDI serves as a crucial mechanism to bridge the gap between limited domestic savings and the substantial investment required for industrial development (Dunning, 1993; UNCTAD, 2020). This underscores the importance of creating an enabling environment to attract and sustain foreign investment.

Special Economic Zones (SEZs) have been established globally as strategic instruments to attract FDI by offering tax incentives, simplified regulations, and improved infrastructure. According to Farole and Akinci (2011), SEZs play an instrumental role in catalyzing FDI inflows, enhancing export performance, and integrating economies into global value chains. Myanmar's Thilawa Special Economic Zone (TSEZ), the first operational SEZ in the country, exemplifies this strategy. Strategically located near Yangon, Myanmar's largest market and a major

international shipping hub, TSEZ represents a cornerstone of the country's economic reform efforts aimed at attracting foreign investors.

Despite its potential, the effectiveness of TSEZ in achieving sustainable FDI inflows and delivering economic benefits remains understudied. While the zone has attracted interest from foreign investors in manufacturing, logistics, and services (ADB, 2017), challenges such as regulatory inefficiencies, infrastructure gaps, and socio-political constraints persist. Moreover, existing research primarily focuses on the general benefits of SEZs, leaving a critical gap in understanding the unique dynamics and investor satisfaction specific to TSEZ. The Asian Development Bank (2020) has called for in-depth evaluations of TSEZ's performance, particularly in the context of Myanmar's socio-political and economic environment.

This study aims to address this research gap by exploring the factors influencing foreign investors' satisfaction with TSEZ. Understanding these factors is essential for policymakers and stakeholders seeking to improve Myanmar's investment climate and enhance SEZ governance. According to the World Bank's "Doing Business" report (2022), Myanmar's regulatory environment poses significant challenges to investors. Insights from this study could inform policy reforms aimed at streamlining investment processes, improving regulatory frameworks, and fostering a more competitive environment for foreign investment.

Furthermore, the socio-economic impacts of FDI on local communities within the TSEZ context warrant examination. Previous studies (Moran, 2005) suggest that well-managed FDI can lead to substantial benefits, including job creation, skills development, and infrastructure improvements. By evaluating the extent to which TSEZ has delivered these outcomes, this research will provide actionable recommendations for maximizing the positive impacts of FDI on local communities.

Overall, this study contributes to both academic literature and practical policy-making by providing an evidence-based analysis of foreign investor satisfaction in TSEZ. It fills a critical knowledge gap regarding Myanmar's SEZs and offers practical recommendations aligned with global best practices to support sustainable economic growth. By aligning the findings with Myanmar's developmental priorities, the study aims to enhance the effectiveness of SEZ management and strengthen the country's position in the regional FDI landscape.

## **1.2 Objectives of the Study**

To explore the development of Thilawa Special Economic Zone (TSEZ)

To examine satisfaction of foreign investors in Thilawa Special Economic Zone (TSEZ).

## **1.3 Method of Study**

The study employs a descriptive and quantitative research design to investigate the factors influencing Foreign Investors Satisfaction in the Thilawa Special Economic Zone (TSEZ) and its impact on economic and social development. A structured survey is used as the primary data collection method, targeting stakeholders such as foreign investors, local business representatives, and policymakers associated with TSEZ. The survey includes both closed-ended and Likert-scale questions to measure perceptions, challenges, and opportunities related to FDI. Descriptive statistics will summarize the demographic characteristics and trends, while correlation and regression analyses will identify the key factors affecting FDI inflows and their relationship with development outcomes. Data from secondary sources, such as government reports and FDI databases, will complement the findings to provide a comprehensive understanding of the subject.

## **1.4 Scope and Limitation of the Study**

The scope of this study focuses on examining the factors influencing Foreign Investors Satisfaction in the Thilawa Special Economic Zone (TSEZ), Myanmar. It includes an analysis of key variables such as economic, infrastructure, institution, human capital and location factors. The study is limited to the TSEZ, and findings may not be generalizable to other regions or economic zones in Myanmar. Additionally, the research relies primarily on survey data, which may be subject to respondent bias, and secondary data, which could have limitations in terms of accuracy or currency. Time and resource constraints may also restrict the depth of data collection and analysis. Despite these limitations, the study aims to provide valuable insights for policymakers, investors, and stakeholders to enhance the effectiveness of FDI strategies in TSEZ.

## **1.5 Organization of the Study**

This study is organized into five chapters to provide a comprehensive analysis of Foreign Direct Investment (FDI) in the Thilawa Special Economic Zone (TSEZ). Chapter I introduces the research by outlining its background, objectives, rationale, and scope, as well as the methodology and limitations. Chapter II presents a literature review, discussing theoretical concepts, definitions, and previous studies related to FDI and its economic and social impacts. Chapter III provides an overview of TSEZ, including its historical development, infrastructure, governance, and current FDI trends. Chapter IV focuses on survey analysis, utilizing descriptive statistics, correlation, and regression to identify factors influencing Foreign investors satisfaction and their implications for TSEZ's development. Finally, Chapter V concludes the study by summarizing key findings, discussing policy recommendations, and highlighting areas for future research.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Definition and Concept of Foreign Direct Investment**

Business interests in another nation are invested in by a foreign company through foreign direct investment (FDI). FDI happens when an investor gains an enduring interest in a foreign firm, usually taking a 10% ownership investment or more to exercise managerial influence, according to the IMF (2009). FDI serves as a critical tool for.

Horizontal, vertical, and conglomerate FDI exist. Horizontal FDI refers to investments in the same industry abroad, while vertical FDI involves different stages of production in a foreign country (OECD, 2018). Conglomerate FDI, though less common, occurs when a foreign investor enters a completely unrelated industry. Each type reflects different strategic objectives, such as market expansion, cost reduction, or diversification.

The key components of FDI include equity capital, reinvested earnings, and intra-company loans. Equity capital represents the ownership stake acquired by foreign investors. Reinvested earnings refer to profits retained within the foreign enterprise rather than being repatriated, while intra-company loans cover borrowings within the same corporate group (UNCTAD, 2019). These components collectively illustrate how FDI contributes to both financial and operational integration of enterprises across borders.

Several theories explain the dynamics of FDI. Dunning's Eclectic Paradigm (OLI Model) suggests that FDI is driven by a combination of Ownership, Location, and Internalization advantages (Dunning, 1980). Ownership advantages include proprietary technology or brand recognition, location advantages pertain to host country factors like resources or market potential, and internalization advantages deal with the cost-effectiveness of managing operations internally rather than through partnerships or licensing.

FDI is considered a cornerstone of economic development in emerging markets due to its ability to transfer capital, technology, and managerial expertise. Moran (2005) highlights that FDI can stimulate productivity, create employment, and

foster industrialization. In the context of Myanmar, FDI in zones like TSEZ offers an opportunity to modernize industries and integrate into global supply chains, thereby playing a pivotal role in the country's transition to a market-based economy.

## **2.2 Factors Affecting Foreign Direct Investments Inflow**

There are many factors that affect foreign direct investment such as political stability, governance quality, regulatory framework, administrative efficiency, legal protections, infrastructure (Transportation, Energy, Telecommunications), market size & growth potential, labor force (skills, education, adaptability), tax incentives & trade policies etc. Political stability is a fundamental determinant of Foreign Direct Investment (FDI) inflows. Investors are attracted to environments where political risks, such as conflicts or abrupt policy changes, are minimal. According to Jensen (2008), transparent governance and strong institutional frameworks significantly enhance investor confidence. Myanmar's political transition and ongoing reforms, though promising, continue to influence FDI perceptions in zones like TSEZ. Political stability not only mitigates risks for investors but also fosters long-term commitments to projects and industries. According to Busse and Hefeker (2007), consistent governance structures and predictable policy environments are positively correlated with FDI inflows. In contrast, political instability can increase transaction costs, reduce profitability, and deter investors, particularly in developing economies like Myanmar, where policy shifts may arise from political or institutional changes.

In the context of Myanmar, periods of instability and social unrest have occasionally disrupted investor confidence. Studies by the Asian Development Bank (2021) suggest that regions experiencing political volatility tend to face slower FDI growth, even in zones with otherwise attractive economic incentives. TSEZ, being Myanmar's flagship SEZ, has managed to attract investors despite broader national challenges, but its potential remains underutilized due to ongoing governance issues.

Furthermore, governance quality, including the enforcement of contracts and the rule of law, significantly impacts investor decisions. Kaufmann et al. (2009) emphasize that good governance practices, such as reducing corruption and enhancing accountability, are critical in creating an environment conducive to investment. For TSEZ to remain competitive in attracting FDI, policymakers must ensure that legal

and institutional frameworks are not only investor-friendly but also resilient against political uncertainties.

The regulatory framework plays a pivotal role in shaping FDI inflows. Simplified procedures, legal protections for investors, and streamlined tax policies are attractive to foreign investors. The World Bank (2022) highlights that countries with higher ease-of-doing-business rankings generally attract more FDI. Challenges such as bureaucratic delays and unclear investment laws in Myanmar have been cited as barriers to maximizing TSEZ's potential. Clear and consistent investment regulations are essential to fostering investor confidence and reducing entry barriers. Meyer and Nguyen (2005) argue that the predictability of regulatory frameworks is particularly crucial for long-term FDI, as uncertainty about policies may deter investors from committing resources. In Myanmar, frequent changes to investment laws and the lack of transparency in regulatory processes have created challenges for both new and existing investors in TSEZ, reducing the zone's overall competitiveness.

Administrative efficiency is another critical factor influencing ease of doing business. Countries that streamline business registration, licensing, and tax compliance tend to attract more FDI (Djankov et al., 2002). TSEZ has made strides in simplifying investment procedures through its one-stop service center; however, issues such as bureaucratic red tape and delays in permit approvals persist. Addressing these inefficiencies can significantly enhance TSEZ's appeal to foreign investors.

Additionally, the enforcement of legal protections for investors is a vital aspect of the regulatory environment. Weak enforcement mechanisms, particularly in dispute resolution, can deter foreign investors who value reliable legal recourse. According to UNCTAD (2020), investor-friendly arbitration laws and effective judicial systems are necessary to build trust. Myanmar's ongoing efforts to modernize its legal system must prioritize these aspects to ensure that TSEZ offers a secure and predictable environment for FDI.

Quality transportation, energy, and telecommunications infrastructure attracts FDI. Good infrastructure lowers operational costs and boosts efficiency, making host countries more competitive (Asiedu, 2002). In TSEZ, significant improvements in logistics and connectivity have attracted manufacturing firms, though gaps in energy reliability and port facilities remain areas of concern.

Reliable and well-developed transportation networks are crucial for facilitating trade and attracting FDI. Efficient road, rail, and port connectivity reduces logistical costs and delivery times, making export-oriented activities more viable for investors (World Bank, 2018). In the case of TSEZ, its proximity to Yangon's international port and major highways offers logistical advantages. However, congestion at the port and inadequate last-mile connectivity continue to pose challenges, limiting the zone's full potential for seamless trade operations.

Energy infrastructure is another vital component influencing FDI. Stable and affordable electricity supply is essential for manufacturing and other energy-intensive industries (Kapoor & Debroy, 2019). In TSEZ, intermittent power outages and dependence on imported energy have been identified as significant concerns. Addressing these issues through investment in renewable energy and expanding local power generation capacity can improve operational reliability and make the zone more attractive to investors.

Telecommunications infrastructure, including internet speed and network coverage, also plays a critical role in today's globalized economy. Modern industries require robust digital connectivity for communication, data transfer, and process automation (Cheng et al., 2020). While TSEZ has made progress in enhancing ICT infrastructure, the relatively high cost of internet services and inconsistent connectivity hinder the integration of advanced digital systems, which are increasingly demanded by foreign investors. Strengthening this infrastructure could enhance TSEZ's competitiveness in attracting high-value investments.

Market size and economic growth potential are essential considerations for foreign investors. A larger and growing domestic market offers opportunities for revenue generation and long-term sustainability (Chakrabarti, 2001). TSEZ benefits from its proximity to Yangon, Myanmar's largest economic hub, but limited purchasing power and underdeveloped consumer markets may constrain its attractiveness.

Regional market integration emphasizes market size's FDI appeal. Myanmar's ASEAN membership and strategic position as a gateway to South and Southeast Asia give investors access to over 650 million consumers. According to ASEAN Investment Report (2020), initiatives like the ASEAN Economic Community (AEC) aim to harmonize

trade policies, reduce tariffs, and enhance market access, making locations like TSEZ more attractive to multinational corporations seeking regional opportunities.

The pace of economic growth and urbanization in Myanmar also influences FDI decisions. Rapid urban expansion in Yangon and its surrounding areas presents a growing demand for consumer goods and services, offering opportunities for investors in retail, logistics, and infrastructure sectors (ADB, 2019). However, the uneven development of rural areas and income disparities limit the overall purchasing power of the population, necessitating targeted strategies to strengthen domestic demand.

Furthermore, the demographic profile of Myanmar, with its young and growing population, signals long-term growth potential. Young populations drive consumption and labor availability, which are critical factors for foreign investors (UNFPA, 2020). However, to capitalize on this demographic dividend, Myanmar must focus on enhancing education, skills training, and economic inclusion. Addressing these aspects would increase TSEZ's attractiveness to investors looking to serve both domestic and regional markets.

Availability of a skilled and cost-competitive labor force is another important factor influencing FDI inflows. According to Noorbakhsh et al. (2001), countries investing in education and workforce training attract more sophisticated and technology-intensive investments. In TSEZ, while labor costs are relatively low, a lack of technical skills and vocational training programs poses challenges for industries requiring specialized expertise.

The availability of skilled labor is crucial for attracting foreign investments in high-tech and advanced industries. Investors often seek locations where they can access a qualified workforce capable of operating modern equipment and adapting to new technologies (Lall, 2001). In Myanmar, although there is a surplus of unskilled labor due to the young population, the lack of skilled technical professionals, engineers, and managers remains a barrier to attracting sophisticated investments. This skills gap restricts the growth of industries requiring high levels of technical expertise, such as electronics, automation, and IT services, which could otherwise be beneficial to TSEZ's development.

The development of vocational education and technical training programs is vital for bridging this skills gap. According to Glaeser et al. (2004), effective workforce development programs can attract foreign investors by ensuring that the

labor force is not only affordable but also capable of meeting the demands of modern industries. While some international companies in TSEZ have initiated in-house training programs, there remains a need for more comprehensive education reforms and industry-academia collaborations to equip workers with the necessary skills. Building a sustainable labor force that meets international standards could position Myanmar as a more competitive destination for FDI.

Another important aspect of the labor force is its adaptability to changing technological environments. As global industries evolve towards automation and digitalization, the ability of the workforce to acquire new skills and adapt to these changes becomes critical (World Economic Forum, 2020). The current education system in Myanmar faces challenges in adapting to the rapid pace of technological advancement, which may hinder the country's ability to attract investment in cutting-edge industries. In this context, integrating technology and innovation into the education sector is vital to ensure that the labor force can effectively support the diversification of Myanmar's economy, especially in SEZs like TSEZ.

Tax incentives, subsidies, and favorable trade policies are commonly used to attract FDI. James (2013) found that fiscal incentives, when effectively implemented, can significantly boost FDI inflows. TSEZ offers tax holidays and duty exemptions, which have proven effective in attracting initial investments. However, the sustainability and transparency of such incentives need to be evaluated to ensure long-term economic benefits.

Tax incentives, such as reduced corporate tax rates, accelerated depreciation, and tax holidays, are among the most commonly used tools to attract FDI. Studies by Caves (1996) suggest that well-structured incentives can encourage foreign firms to establish operations in regions with high potential but high initial setup costs. TSEZ has implemented several attractive tax incentives, including exemption from income tax for a specific period and customs duties on raw materials. These incentives have successfully drawn initial foreign investments, particularly in manufacturing and export-oriented industries. However, the long-term impact of these incentives on sustainable growth and reinvestment by foreign investors remains unclear.

While incentives can be effective in the short term, their long-term sustainability depends on the transparency and consistency of their implementation. The effectiveness of fiscal policies is often undermined by unclear regulations, sudden policy changes, or inconsistency in applying incentives across different sectors or

regions. According to the IMF (2019), tax incentives that lack transparency or are perceived as arbitrary can lead to inefficiencies and attract only short-term speculative investments. For TSEZ to maintain its appeal to foreign investors, it is essential that these incentives be applied consistently, with clear guidelines and timelines, to provide investors with a stable, predictable environment.

Moreover, a balance needs to be struck between offering attractive incentives to draw in foreign capital and ensuring that the government can maintain fiscal health. Excessive reliance on tax incentives can erode public revenue, which in turn may affect the quality of public goods and services that are essential for long-term economic development (Zhang, 2009). Therefore, TSEZ's fiscal policies must be designed in a way that attracts sustainable foreign investments without sacrificing the long-term welfare of Myanmar's economy. Evaluating the impact of these incentives regularly and adjusting them based on changing economic conditions is crucial to ensuring that Myanmar can continue to attract high-quality FDI that contributes to its broader economic development goals.

## **2.3 Factors Affecting Foreign Investors Satisfaction**

Foreign investor satisfaction is a multidimensional concept influenced by a wide range of economic, regulatory, infrastructural, and socio-political factors. Satisfied investors are more likely to reinvest, expand operations, and contribute positively to the host economy. Conversely, dissatisfaction may lead to capital flight, reduced reinvestment, or negative word-of-mouth, deterring potential investors. In emerging markets like Myanmar, especially within Special Economic Zones (SEZs) such as the Thilawa Special Economic Zone (TSEZ), identifying and addressing the determinants of investor satisfaction is essential for long-term economic success. Among the most critical factors are economic conditions, regulatory frameworks, infrastructure quality, fiscal incentives, and political stability.

### **(a) Economic Factors**

Macroeconomic stability is one of the most fundamental factors influencing investor satisfaction. Low inflation, stable interest rates, and predictable fiscal policies create an environment of certainty for investors. Exchange rate volatility, on the other hand, increases investment risks by impacting cost structures and profit margins (UNCTAD, 2020). Additionally, market potential—reflected by GDP growth,

population size, and consumer purchasing power—determines the revenue-generating capacity of the investment. According to the World Bank (2022), investors are more inclined to commit resources to economies with expanding markets and stable macroeconomic indicators. Ensuring a sound economic environment is thus vital for sustaining investor confidence.

#### (b) Institutional Factors

A transparent and predictable regulatory framework significantly enhances investor satisfaction. Investors prefer legal environments where policies are clear, administrative procedures are streamlined, and legal disputes are resolved fairly. However, regulatory inefficiencies, excessive bureaucracy, and unclear procedures can deter investment (World Bank, 2022). In Myanmar, complicated registration and licensing processes have been cited as major challenges for foreign investors. Simplifying these procedures, increasing transparency, and ensuring consistency in legal enforcement are essential to improving the overall investment climate and satisfaction levels of foreign stakeholders.

#### (c) Infrastructure Factors

The availability and quality of infrastructure such as transportation networks, electricity, water supply, and telecommunications—are central to investment satisfaction. According to the Asian Development Bank (ADB, 2017), deficiencies in these areas can lead to higher operational costs and reduced competitiveness. TSEZ benefits from its location near Yangon and access to international shipping routes, which enhance logistical efficiency. However, intermittent power supply and underdeveloped internal infrastructure can undermine operational efficiency. Continuous investment in modernizing and expanding infrastructure is essential to ensure long-term investor satisfaction and attract high-value industries.

#### (d) Human Capital

The availability, quality, and cost of labor significantly affect foreign investor satisfaction. A skilled, adaptable workforce enhances productivity and operational efficiency, while labor shortages or skills mismatches can hinder performance. While Myanmar offers competitive labor costs, gaps in workforce training and education limit productivity in high-value sectors. Moran (2005) emphasizes that foreign investors seek environments where employees possess technical competencies and are capable of absorbing advanced production processes and managerial practices. In the

context of the Thilawa Special Economic Zone (TSEZ), while general labor

availability is adequate, the lack of specialized skills—particularly in manufacturing and engineering—has been cited as a constraint. Investment in vocational education, language training, and professional development is essential to align workforce capabilities with investor expectations. Enhancing human capital not only boosts operational outcomes but also contributes to broader socio-economic development through employment and income generation.

(e) Location Factors

Geographical location is important considerations in investor decision-making, particularly in export-oriented and logistics-intensive industries. Proximity to ports, major urban centers, and regional markets offers logistical advantages and reduces transportation costs. TSEZ's strategic location near Yangon and access to the Thilawa Port make it attractive for manufacturing and distribution firms. However, the surrounding infrastructure and environmental resilience also influence satisfaction. According to Farole and Akinci (2011), successful SEZs provide not only strategic location advantages but also ensure sustainable land use, waste management, and access to utilities. Investors increasingly consider environmental regulations and community relations as part of their long-term risk assessment. In TSEZ, satisfaction with environmental sustainability and access to clean water, electricity, and sanitation has generally been positive, though continuous improvement is needed to enhance the zone's competitiveness. Addressing environmental risks and optimizing location-based advantages are key to attracting long-term, responsible investment.

## **2.4 Effect of Foreign Direct Investment on Economic Development**

FDI is widely acknowledged as a key engine of economic growth, especially in developing nations. Capital, technology, and managerial knowledge from FDI can boost growth, job creation, and competitiveness in host countries (Borensztein et al., 1998). In economic literature, FDI has been shown to boost infrastructure, industry, and services development. However, the host country's economic policies, institutional structure, and development level affect FDI's benefits.

One of the primary ways in which FDI contributes to economic development is through capital formation. According to Carkovic and Levine (2005), FDI directly contributes to the capital accumulation in the host country, which is essential for boosting productivity and facilitating growth. For developing countries, which often struggle with limited domestic savings and investment, foreign capital inflows fill an important gap. In Myanmar, FDI in Special Economic Zones like TSEZ has been instrumental in the construction of industrial facilities and infrastructure, directly contributing to the country's physical capital stock.

In addition to capital, FDI plays a critical role in transferring technology and fostering innovation in host countries. Studies such as those by Blomström and Kokko (1998) emphasize that foreign investors bring not only financial resources but also advanced technologies, production processes, and management practices. This transfer of knowledge enhances the productivity of local firms and enables them to become more competitive globally. In Myanmar, TSEZ has attracted foreign firms in manufacturing, particularly in sectors like textiles and electronics, which require advanced technologies. Over time, local firms in the region benefit from the technology spillovers generated by foreign companies, improving their productivity and innovation capabilities.

FDI is also a significant source of employment in developing economies, particularly in sectors such as manufacturing, construction, and services. According to Alfaro et al. (2004), FDI can help reduce unemployment and provide local workers with higher wages and better working conditions. In Myanmar's TSEZ, foreign companies have created thousands of jobs, offering employment opportunities for the local labor force. This contributes to poverty alleviation, increases household incomes, and enhances the standard of living in surrounding communities. However, the quality of these jobs and the extent to which they benefit local workers depend on the degree to which firms engage in training and development.

Another important impact of FDI is its contribution to export growth. FDI inflows often target export-oriented industries, which are critical for earning foreign exchange and improving a country's trade balance. According to Lipsey (2001), FDI leads to the development of export industries that are competitive on the international market. In Myanmar, TSEZ has attracted foreign investors in export-driven sectors such as textiles, garments, and electronics. These industries help generate foreign

currency earnings, which can be reinvested in further development projects and contribute to overall economic growth.

FDI can generate positive spillover effects for domestic firms in the host country, especially through linkages in supply chains, technology, and human capital development. According to Javorcik (2004), foreign firms often source materials and services from local suppliers, which enhances the capabilities of domestic businesses and integrates them into global value chains. In Myanmar, TSEZ has facilitated the creation of local suppliers and service providers, contributing to the overall development of the country's industrial base. However, the magnitude of these spillovers depends on the absorptive capacity of local firms, which in turn is influenced by the level of human capital and technological sophistication in the host country.

While FDI has many positive effects, there are also challenges and risks that must be considered. One of the key risks is that foreign investors may repatriate a significant portion of their profits, reducing the long-term economic benefits for the host country (Aitken & Harrison, 1999). Additionally, FDI may increase economic dependence on foreign investors, limiting the host country's economic sovereignty. For Myanmar, ensuring that FDI contributes to long-term development requires careful monitoring of the types of investments, the sectors targeted, and the degree to which foreign firms contribute to local value creation. Additionally, while FDI can create jobs, there is a need for policies that ensure workers benefit from decent wages and working conditions, avoiding exploitation and inequality.

## **2.5 Effect of Foreign Direct Investment on Social Development**

Foreign Direct Investment (FDI) is typically associated with economic growth, but its effects on social development are equally significant. Social development refers to improvements in human well-being, including access to education, healthcare, housing, and employment, all of which contribute to a higher quality of life. FDI can influence social development by creating jobs, improving local infrastructures, and enhancing social services (Sachs & Warner, 1995). However, the impact of FDI on social development depends on the sectors attracting investment, the nature of the investments, and the accompanying policies that ensure benefits are broadly shared across society.

One of the primary ways FDI contributes to social development is through job creation. By establishing new businesses or expanding existing operations, foreign investors generate employment opportunities, which can directly reduce poverty levels and improve living standards (Lall, 2002). FDI in sectors such as manufacturing, services, and construction has been particularly effective in generating employment in developing countries. For example, the expansion of manufacturing industries in Myanmar's Special Economic Zones, like TSEZ, has resulted in thousands of jobs, offering workers higher wages than those typically found in the agricultural sector. However, the quality of these jobs, including wages, working conditions, and benefits, is essential in determining their impact on social development.

In addition to providing jobs, FDI can play a significant role in improving education and skill development, especially when foreign companies invest in training and knowledge transfer. According to Noorbakhsh et al. (2001), foreign investors often bring advanced technologies and management practices, which can spill over to local employees through on-the-job training. In Myanmar, the influx of foreign firms into TSEZ has led to the establishment of training programs, which equip the local workforce with technical and managerial skills. These programs not only improve individual employability but also contribute to the broader development of human capital, essential for long-term social progress.

FDI can also contribute to social development by improving healthcare systems. Many multinational corporations involved in FDI are required to adhere to international standards, which often includes providing healthcare benefits to employees. Additionally, foreign investment in healthcare infrastructure, such as hospitals and clinics, can improve access to medical services in developing countries (Kraemer-Mbula & Wunsch-Vincent, 2016). In Myanmar, FDI in the form of partnerships with international healthcare providers has led to improvements in the quality of medical services, particularly in urban areas like Yangon. However, for FDI to have a more widespread impact on healthcare, investments need to be made in rural and underserved regions.

FDI has a critical role in driving infrastructure development, which directly affects social outcomes such as housing, transportation, and public utilities. When foreign firms invest in large-scale projects such as roads, bridges, and energy infrastructure, they help build the physical foundation necessary for long-term

development (Kokko, 1994). Myanmar's TSEZ has benefited from substantial foreign investment in infrastructure, with projects aimed at improving transport networks and energy supply. These developments enhance the overall quality of life for local communities by providing access to basic services and improving connectivity, thereby fostering more equitable social development.

While FDI has the potential to contribute to social development, its effects on social inequality must be carefully considered. FDI inflows tend to concentrate in certain sectors and regions, often benefiting urban areas more than rural ones. According to Banga (2003), FDI can exacerbate income inequality if its benefits are not equitably distributed across the population. In Myanmar, while TSEZ has generated significant investment and employment, the benefits have been largely concentrated in specific industries and areas, leaving rural populations and less-skilled workers behind. Ensuring that FDI contributes to reducing social inequality requires targeted policies that promote inclusive growth and address regional disparities.

The long-term social impact of FDI also hinges on its contribution to social sustainability, which includes the preservation of natural resources, social inclusion, and the promotion of equitable development. Foreign investors often bring environmental standards and corporate social responsibility (CSR) practices that can benefit local communities (Prakash & Potoski, 2007). In Myanmar, some foreign companies operating in TSEZ have engaged in CSR initiatives, supporting local schools, hospitals, and community development projects. However, for FDI to contribute to sustainable social development, it is essential that these initiatives are not only focused on short-term gains but are part of a broader strategy to foster long-term, inclusive social progress.

## **2.6 Review on Previous Studies**

Recent studies on Foreign Direct Investment (FDI) have expanded our understanding of its complex relationship with both economic and social development, particularly in developing countries. Researchers have examined the multifaceted impacts of FDI on various development indicators, including economic growth, social welfare, employment, and income distribution. A major trend in recent literature has been the focus on context-specific factors, such as institutional quality, infrastructure, and the regulatory environment, that mediate the impact of FDI (Jensen

& Li, 2018). Studies conducted after 2016 have increasingly emphasized the need to move beyond generalized models to account for local conditions, such as those seen in emerging economies like Myanmar, which is still undergoing significant political and economic transformations.

One of the most well-studied effects of FDI is its contribution to economic growth. Recent research has reinforced the idea that FDI can drive GDP growth, particularly when it is directed toward sectors that foster innovation and productivity. For instance, in their 2020 study, Ahmed and Li investigated the long-term effects of FDI in Sub-Saharan Africa, finding that the inflow of foreign capital directly correlated with higher levels of economic growth, especially in countries that had sound macroeconomic policies in place. Similarly, Javorcik and Spatareanu (2017) examined the relationship between FDI and economic performance in Central and Eastern Europe and concluded that FDI led to significant improvements in the productivity of domestic firms through knowledge spillovers and technology transfer. These findings underscore the critical role of FDI in boosting economic growth, particularly in regions undergoing structural changes.

The creation of employment opportunities is another widely recognized benefit of FDI. Several recent studies have found that FDI can reduce unemployment rates and improve labor market outcomes, particularly in developing countries. For example, in a study focused on South Asia, Sahoo (2018) found that FDI inflows in the manufacturing and services sectors were directly responsible for generating jobs, particularly in urban areas. Similarly, in their 2019 analysis, Perez and Liu found that FDI significantly lowered unemployment rates in Latin America, especially in countries where foreign companies had invested in labor-intensive industries. However, the quality of these jobs remains a key area of concern, as FDI may not always result in high-quality employment, particularly when firms employ low-wage, unskilled workers.

Recent literature also emphasizes the role of FDI in improving social infrastructure, including healthcare, education, and housing. In their 2018 study, Kumar and Singh explored how FDI in India's healthcare sector led to the establishment of new medical facilities and improved the quality of health services. They argued that FDI not only brought in financial resources but also introduced international standards and technology, enhancing healthcare outcomes for local populations. In a similar vein, Mazzucato (2020) examined the role of FDI in public

infrastructure projects and argued that foreign investments in infrastructure, such as roads, electricity, and telecommunications, have a significant impact on social development. By improving access to basic services, FDI can contribute to higher living standards and enhanced social well-being.

Despite the positive effects, several recent studies have highlighted the potential downsides of FDI, particularly regarding income inequality and social exclusion. Studies have shown that FDI inflows tend to concentrate in certain regions or sectors, exacerbating income disparities. For instance, in their 2017 study, Dunning and Lundan analyzed the unequal distribution of FDI in Europe and found that the benefits were largely concentrated in urban areas, leaving rural regions with limited development opportunities. Moreover, FDI in low-wage sectors may not contribute significantly to reducing poverty or improving living standards for the most vulnerable populations. This is a critical concern for Myanmar, where FDI in special economic zones has mainly benefited urban workers while leaving rural populations behind (Dunning & Lundan, 2017).

A significant body of post-2016 literature has focused on the role of Corporate Social Responsibility (CSR) in FDI. Researchers have highlighted how multinational companies use CSR initiatives to improve their social impact in host countries. A study by Aguilera et al. (2018) argued that multinational firms investing in developing countries increasingly adopt CSR practices that contribute to local communities, including support for education, health, and environmental protection. In Myanmar, several foreign companies operating in TSEZ have implemented CSR programs that aim to improve social outcomes, such as building schools, providing healthcare services, and supporting environmental conservation projects. However, critics argue that CSR initiatives can sometimes be more about improving a company's image rather than driving sustainable social development (Moon & Vogel, 2017).

The recent literature on FDI reveals a nuanced understanding of its effects on social development, with both positive and negative outcomes. While FDI can drive economic growth, create jobs, and improve infrastructure, its benefits are often unequally distributed, and its impact on income inequality and social exclusion requires careful policy management. Researchers such as Mungiu-Pippidi (2019) have called for stronger governance frameworks to ensure that FDI contributes to inclusive development, arguing that without effective institutions, FDI may exacerbate social disparities rather than reduce them. Policymakers in Myanmar and other developing

economies must prioritize policies that not only attract FDI but also ensure that the social benefits of these investments are widely shared across society.

## **CHAPTER 3**

### **OVERVIEW OF THILAWA SPECIAL ECONOMIC ZONE IN MYANMAR**

In this chapter, the concept of special economic zones in Myanmar is described. Moreover, the development of TSEZ, organization structure of TSEZ, one stop service center in TSEZ and benefits for investors in TSEZ are discussed.

#### **3.1 Special Economic Zones in Myanmar**

Special Economic Zones (SEZs) are defined geographical areas within a country that are established to promote specific economic activities through targeted incentives. These zones are designed to attract foreign investment, enhance export capabilities, and generate employment opportunities, making them vital components of economic development strategies. This approach has been widely adopted by developing nations, and Myanmar is no exception. Since the introduction of SEZs, the country has aimed to leverage these zones to stimulate its economy and improve the livelihoods of its citizens (Bakar & Sinnappan, 2022).

In Myanmar, the establishment of SEZs began in 2011 with the enactment of the Special Economic Zone Law. This legislation was pivotal in outlining the framework for SEZ development and aimed to foster economic growth by encouraging foreign investment. According to the law, SEZs are designated areas where businesses can benefit from a range of incentives, exemptions, and facilities not available in other parts of the country. The primary goal of these measures is to create jobs and stimulate sectors that are essential for the nation's economic progress (Committee, 2023).

Currently, Myanmar has successfully established three SEZs: Thilawa, Dawei, and Kyaukphyu. The Thilawa SEZ, adjacent to Yangon, is the first and largest of the three, encompassing over 2,400 hectares. It has emerged as a significant focal point for foreign investment, particularly in the manufacturing and logistics sectors, showcasing the potential of SEZs to attract foreign capital and expertise. In the south of Myanmar, the Dawei SEZ, which spans 196 square kilometers near the Thai border, is anticipated to evolve into a critical industrial hub. Meanwhile, the Kyaukphyu SEZ is strategically positioned near the Bay of Bengal in Rakhine State and is poised to transform into a vital trade and logistics center (Teachout, 2016).

The incentives provided within Myanmar's SEZs are designed to attract foreign investors, offering a variety of benefits including tax holidays, reduced import duties, and streamlined procedures for investment approvals. These incentives not only facilitate foreign investment but also encourage the establishment of industries that can drive economic growth. By creating favorable conditions for businesses, the SEZs seek to enhance the overall competitiveness of Myanmar's economy in the global market.

As designated areas for specific economic activities, SEZs hold significant promise for Myanmar's development trajectory. They provide the foundation for attracting foreign capital, which is crucial for the sustainability of economic growth and development in a country with limited domestic investment capabilities. The structured approach of creating these zones reflects a strategic effort to position Myanmar as an attractive destination for international business. To summarize, Myanmar's initiative to establish SEZs aligns with a broader economic vision to rejuvenate its economy and enhance its global standing. By focusing on creating conducive environments for foreign investors and fostering industries, the government aims to leverage the potential of these zones to boost exports and create job opportunities. The success of Thilawa, Dawei, and Kyaukphyu SEZs can serve as benchmarks for future development initiatives within the country.

In conclusion, Special Economic Zones in Myanmar represent a significant step towards achieving economic modernization and diversification. Through the legislative framework established in 2011 and the continued development of these zones, the Myanmar government is taking proactive measures to attract foreign investment and create employment opportunities. As these SEZs evolve, they are likely to play a critical role in transforming Myanmar's economic landscape and facilitating its journey toward sustainable development.

### **3.2 Regulatory Framework for Foreign Investment in Thilawa Special Economic Zone (TSEZ)**

Foreign investment in the Thilawa Special Economic Zone (TSEZ) is governed by a combination of national legislation, SEZ-specific regulations, and international investment principles. The legal and regulatory environment aims to attract and facilitate foreign direct investment (FDI) by offering a structured,

transparent, and investor-friendly system that balances economic development with legal compliance and governance integrity.

At the national level, the primary legal instrument regulating foreign investment in Myanmar, including in SEZs, is the Myanmar Investment Law (MIL), enacted in 2016. This law consolidates the former Foreign Investment Law (2012) and the Myanmar Citizens Investment Law to streamline investment procedures for both local and foreign investors. The MIL provides equal treatment to both foreign and domestic investors and outlines the rights, obligations, and protections available to them. Key provisions include the right to lease land (up to 50 years, extendable by two terms of 10 years), guarantees against nationalization, and dispute resolution mechanisms, including arbitration for foreign investors. It also defines restricted and prohibited sectors and introduces a dispute settlement mechanism through the Myanmar Investment Commission (MIC).

Specific to Thilawa SEZ, the Myanmar Special Economic Zone Law (2014) is the principal legal framework. It diverges from the standard MIL and grants SEZs autonomy in customs, taxation, and administrative procedures. Investors in the Thilawa Special Economic Zone (TSEZ) must secure approval directly through the Thilawa SEZ Management Committee (TSMC), rather than the MIC, streamlining the process via SEZ-specific mechanisms. The TSMC operates as a one-stop service center (OSSC) for all administrative matters and has the authority to approve investment proposals, issue permits, and facilitate customs, immigration, and labor registration, thereby minimizing bureaucratic delays.

The TSMC applies a quantitative and qualitative assessment methodology, evaluating investment volume, employment creation, export potential, technology transfer, and alignment with national goals. Investment proposals are adjudicated within 30 days, with successful applicants receiving a Letter of Approval (Form-2) that outlines permitted activities and zoning status.

The process begins with a land reservation through Myanmar Japan Thilawa Development Co Ltd. (MJTD). Investors submit a pre-application questionnaire covering land use, utilities, machinery, environmental considerations, and capital. After approval, investors sign a lease agreement within six months and proceed through the OSSC for company registration, building permits, environmental clearances, and visa processing. The land, leased under standardized agreements by MJTD, ensures clarity of rights and minimizes legal uncertainty. Although foreigners

cannot own land in Myanmar, long-term leases (50 years plus two 10-year extensions) are permitted within the SEZ.

The Thilawa Special Economic Zone (TSEZ) offers a comprehensive package of fiscal and non-fiscal incentives. Free Zone enterprises, which export at least 75% of production, receive a 7-year corporate tax holiday, followed by a 50% tax reduction for 5 years, with possible further exemptions on reinvested profits. Promotion Zone enterprises, which may target both domestic and export markets, receive a 5-year tax holiday with similar reliefs. Customs duties and commercial taxes are waived on imported capital goods: indefinitely for Free Zone businesses and for five years (then 50%) for Promotion Zone firms. Raw materials are fully exempt for Free Zone businesses, and Promotion Zone firms can receive refunds when inputs are used in exports.

A significant development under Instruction 2/2015 allows wholesale trading by Free and Promotion Zone investors, subject to conditions such as minimum investment amounts, warehouse ownership, and value-added services. This change integrates foreign investors more closely with Myanmar's domestic markets and marks a policy shift toward liberalizing trade permissions.

Foreign investors can establish wholly foreign-owned companies, joint ventures, or overseas branches under the Myanmar Companies Law (2017), giving them greater flexibility than under the standard foreign investment regime.

Labor regulations within the Thilawa Special Economic Zone (TSEZ) are clearly structured. Investors are required to submit monthly recruitment reports and register workers, both local and foreign, through the OSSC. A tiered localization strategy mandates that at least 25% of the workforce be local in the first two years, rising to 75% by the sixth year. Foreign professionals are still permitted in technical and managerial roles, but employers must also provide training to enhance local capacity. This structure emphasizes sustainable workforce development and compliance with labor law, social security, and dispute protocols.

Environmental oversight in the Thilawa Special Economic Zone (TSEZ) is rigorous and aligned with international standards. Investors must complete an Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA), depending on project scale and risk. The Environmental Conservation and Prevention Plan (ECPP) is mandatory. Projects, including the Zone B expansion, have undergone public EIAs, reflecting a commitment to transparency and sustainable development.

Supported by Japanese partners like JICA, the zone includes waste management systems, emission controls, and industrial wastewater treatment facilities.

Infrastructure in Thilawa combines high-standard —hardll facilities—roads, utilities, port access with —softll services such as logistics coordination and workforce training. The OSSC integrates construction permits and environmental approvals, ensuring efficient project implementation. The TSMC uses nine screening criteria (employment, investment scale, export volume, technology, transparency, resource use, etc.) to prioritize projects in Zone B, fostering cohesive sectoral development.

Thilawa's geographical proximity to Yangon and ASEAN markets, along with its investor-oriented policies and legal guarantees, positions it as a regional trade hub. TSMC's direct engagement with investors and coordination mechanisms enhances the SEZ's competitive appeal.

Investor protections extend beyond incentives. The SEZ Law ensures non-discriminatory treatment, freedom to repatriate profits and capital, and legal protection against nationalization. Dispute resolution mechanisms are layered: initial grievances are handled by the TSMC, followed by the SEZ Central Working Body, and if unresolved, escalated to international arbitration under UNCITRAL or ICSID, consistent with Myanmar's international commitments.

Legal and regulatory structure of the Thilawa Special Economic Zone (TSEZ) is comprehensive, efficient, and investor-oriented. It integrates specialized SEZ governance, streamlined business processes, tax and trade privileges, workforce development mandates, stringent environmental standards, and strong legal protections. While challenges such as infrastructure consistency and regulatory certainty persist, the Thilawa Special Economic Zone (TSEZ) remains Myanmar's flagship zone for attracting foreign investment and serves as a model for future SEZ development, blending global best practices with national economic priorities.

### **3.3 Development of Thilawa Special Economic Zone (TSEZ)**

In December 2012, the governments of Myanmar and Japan signed a Memorandum of Cooperation (MOC) aimed at facilitating the construction of the Thilawa Special Economic Zone (TSEZ). This marked a pivotal moment in Myanmar's economic development strategy, emphasizing collaboration with foreign nations to enhance local infrastructure and industry. The establishment of the

Myanmar Japan Thilawa Development Limited (MJTD) in January 2014, as a joint venture involving the Thilawa Development Company (MMST), the Thilawa SEZ Management Committee (TSMC), and Myanmar Thilawa SEZ Holdings Public Limited (MTSH), further solidified this partnership. The MJTD is tasked with the operation and development of "Zone A," which comprises a 396-hectare early development area within the larger context of the TSEZ.

Vision and mission statements are vital for any successful development project, and the TSEZ is no exception. The vision of the TSEZ is to create a better future for the nation by establishing an exemplary platform as the leading special economic zone. Its mission focuses on providing quality services that significantly contribute to economic development and enhance the livelihoods of the local population. These guiding principles reflect the desire not only to attract foreign capital but also to create a sustainable economic ecosystem within Myanmar (Committee, 2023).

The TSEZ is anchored by a set of core values that guide its operations. These values focus on integrity, diversity, accountability, innovation, sustainability, and environmentally friendly practices. Integrity ensures that stakeholders and the public can trust the operations, while diversity encompasses a wide range of businesses and nationalities participating in the zone. Accountability emphasizes transparency in all activities, and innovation encourages the incorporation of new practices into the business framework. Additionally, sustainability and environmental considerations are crucial for building long-term stakeholder value and promoting eco-friendly initiatives.

The Thilawa Special Economic Zone spans approximately 2,400 hectares and is being developed in phases. The first phase involved the completion of 400 hectares in 2015, while the second phase is currently underway, encompassing an additional 1,900 hectares. Its advantageous location near the Yangon River and the Andaman Sea facilitates easy access to international shipping routes. Coupled with excellent transportation infrastructure, including the Yangon-Mandalay Expressway and the Yangon-Thanyin Bridge, the TSEZ is well-positioned to support significant industrial activity.

Since its establishment, the TSEZ has drawn considerable interest from foreign investors, particularly from Japan, China, Thailand, South Korea, and Singapore. The zone has seen robust investment in various sectors, especially

manufacturing, which includes garment production, electronics assembly, and food processing. Additionally, infrastructure development has flourished within the TSEZ, encompassing power plants, water supply systems, and waste treatment facilities, which are essential for supporting a thriving industrial base.

Despite these successes, the TSEZ faces a series of challenges that need to be addressed. The region is susceptible to natural disasters such as cyclones and floods, which can disrupt operations. Furthermore, the lack of essential infrastructure, particularly a deep-sea port, poses limitations on its competitive edge. Bureaucratic hurdles, including transparency issues and corruption, may also impede the investment process. Moreover, the TSEZ must contend with competition from other special economic zones in Southeast Asia, particularly those in Vietnam, Thailand, and Malaysia.

Overall, the Thilawa Special Economic Zone has emerged as a critical player in attracting foreign investment and promoting economic growth in Myanmar. Its favorable investment climate, robust infrastructure, large labor force, and strategic geographical position all contribute to its appeal. However, to fully realize its potential, the Myanmar government should proactively address the challenges faced by the TSEZ, ensuring a transparent and reliable investment environment to support continued development and competitiveness in the regional landscape.

**Table 3.1 Classification of Business in TSEZ**

| <b>Types of Business</b> | <b>Companies in TSEZ</b> | <b>No of Foreign Investors</b> |
|--------------------------|--------------------------|--------------------------------|
| Logistics                | 3                        | 10                             |
| Manufacturing            | 82                       | 149                            |
| Service                  | 26                       | 210                            |
| <b>Total</b>             | <b>111</b>               | <b>369</b>                     |

*Source: Survey Data, 2024*

As illustrated in Table 3.1, the manufacturing sector stands out as the leading industry within the Thilawa Special Economic Zone (TSEZ), comprising a substantial 82 companies. This substantial representation highlights TSEZ's role as a specialized manufacturing hub, successfully attracting numerous firms involved in various industrial production activities. Following manufacturing, the service sector includes

26 companies, demonstrating the zone's ability to accommodate a diverse array of economic functions beyond traditional manufacturing.

Moreover, the logistics sector is represented by 3 companies, emphasizing TSEZ's strategic significance in supporting efficient transportation and distribution operations. This diverse composition of industries within TSEZ showcases its versatility and adaptability to cater to different economic sectors, further enhancing its appeal to a broad range of businesses.

In total, the Thilawa Special Economic Zone hosts 111 companies, reflecting a vibrant and dynamic business environment. This thriving ecosystem is further evidenced by the presence of 369 foreign investors across various industries. The manufacturing sector predominates in attracting foreign investment, with 149 investors signaling strong international interest in the zone's industrial potential. The service sector also presents significant opportunities for foreign investors, with 210 individuals or organizations engaged in service-related businesses within TSEZ. This indicates not only the attractiveness of the service industry but also its essential role in complementing the manufacturing sector. Additionally, the logistics sector draws attention from 10 foreign investors, underscoring the crucial role of TSEZ's logistical infrastructure in enhancing its competitive edge. The involvement of both local and foreign entities in these sectors reflects the zone's comprehensive approach to economic development.

Overall, the diverse mix of industries and the significant number of foreign investors in TSEZ illustrate its robust economic environment. The combination of manufacturing, services, and logistics positions TSEZ as a vital player in Myanmar's economic landscape, capable of adapting to the evolving demands of both domestic and international markets.

**Table (3.2) Permitted Companies in TSEZ (By Country)**

| <b>Origin Country of Investors</b> | <b>Number of Companies</b> |
|------------------------------------|----------------------------|
| Japan                              | 56                         |
| Thailand                           | 14                         |
| Korea                              | 9                          |

|                       |            |
|-----------------------|------------|
| Taiwan                | 8          |
| Malaysia              | 4          |
| Australia             | 2          |
| France                | 2          |
| Netherlands           | 2          |
| Switzerland           | 2          |
| Hong Kong             | 1          |
| Denmark               | 1          |
| Canada                | 1          |
| China                 | 1          |
| Australia             | 1          |
| Germany               | 1          |
| India                 | 1          |
| Indonesia             | 1          |
| Singapore             | 1          |
| Sweden                | 1          |
| USA                   | 1          |
| British Virgin Island | 1          |
| <b>Total</b>          | <b>111</b> |

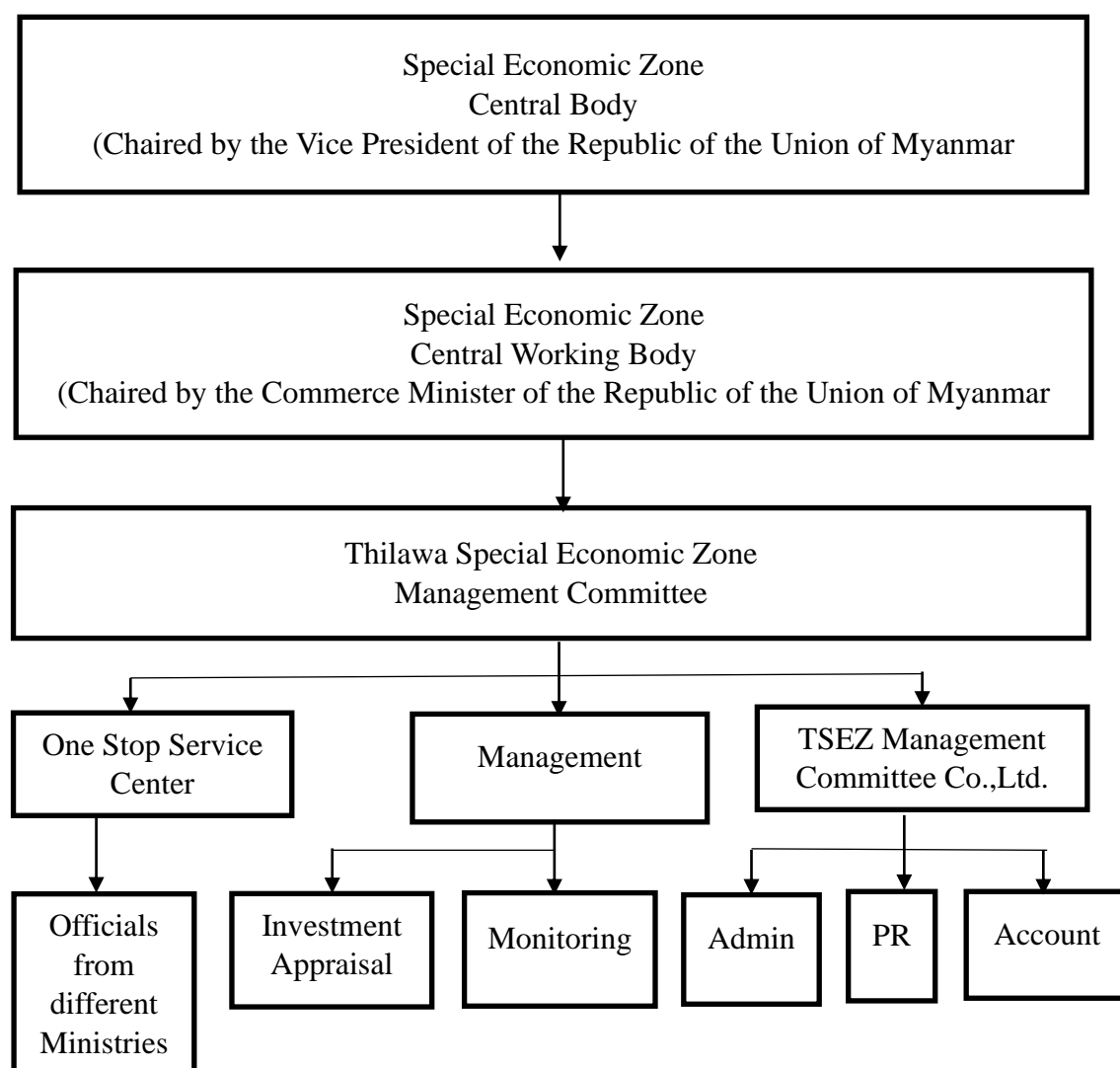
*Source: Secondary Data (TSMC) (2024)*

As shown in Table (3.2), the majority of investors are from Japan, with 56 companies, indicating a substantial interest and involvement from this country. Following Japan, Thailand stands as the second most prominent contributor with 14 companies, showcasing a noteworthy engagement in TSEZ. Additionally, Korea, Taiwan, and Malaysia demonstrate a significant presence, with 9, 8, and 4 companies respectively.

### 3.4 Organization Structure of TSEZ

Thilawa SEZ Management Committee (TSMC) is established as per the Article 5 of the Myanmar Special Economic Zone Law. TSMC is the government's licensing body (the Regulator of the Thilawa SEZ), which approves the investment of both foreign and domestic investors to be located in the Thilawa SEZ as per the Section 11 (C) of the Myanmar Special Economic Zone Law. The TSMC reports to the Myanmar Special Economic Zone Central Body, which is chaired by the President of the Republic of the Union of Myanmar through the Central Working Body, which is chaired by the Vice President of the Republic of the Union of Myanmar. The organization chart of TSEZ is shown in Figure (3.1).

**Figure (3.1) Organization Chart of TSEZ**



*Source: (Committee, 2023)*

### **3.5 One Stop Service Center (OSSC) in TSEZ**

The Thilawa SEZ Management Committee has established the One Stop Service Center (OSSC) in accordance with Section 11 (L) of the Myanmar SEZ Law. This center serves as a single-window facility for investors within the Thilawa Special Economic Zone, providing access to a wide range of essential services and approvals. These services include everything from company incorporation to visa applications, labor registrations, and import-export processes.

To facilitate a swift and straightforward registration experience, the TSEZ has implemented the One Stop Service Center, which aims to foster a favorable, predictable, and investor-friendly environment. This center allows investors to complete all necessary approvals and registrations in one convenient location. It is staffed by representatives from various ministries who are fully authorized to issue the licenses and approvals required by investors. Currently, the One Stop Service Center employs representatives from several key ministries and departments, including:

- (a) The Commerce and Consumer Department from the Ministry of Commerce
- (b) The Customs Department from the Ministry of Finance
- (c) The Revenue Department from the Ministry of Finance
- (d) The Department of Immigration and National Registration from the Ministry of Immigration and Population
- (e) The Labor Department from the Ministry of Labor
- (f) The Department of Human Settlement and Housing Development from the Ministry of Construction
- (g) The General Administration Department (GAD) for the Yangon Southern District
- (h) The Myanmar Port Authority
- (i) The Directorate of Investment and Companies Administration (DICA)

As a result, investors do not need to visit multiple government organizations to secure the necessary approvals and permits; they can conveniently access everything they need at the Thilawa One Stop Service Center. Furthermore, an online application system is set to be implemented shortly. Once this online system is operational, investors will be able to access all required services digitally, eliminating the need for in-person visits to the One Stop Service Center.

### **3.6 Benefits for Investors in TSEZ**

The Thilawa Special Economic Zone (TSEZ) offers various benefits for investors, categorized by the types of zones, namely Free Zones and Promotion Zones. According to the SEZ Law of 2014, Section 3, Free Zones primarily target export-oriented markets and encompass manufacturing, transportation, and wholesale activities. In contrast, Promotion Zones focus on domestic markets and other markets within SEZs. TSEZ provides an extensive range of incentives, including income tax relief, exemptions from commercial tax and value-added tax, as well as significant reductions in customs duties and other taxes, creating a favorable investment climate.

#### **(a) Income Tax Benefits**

Investors in TSEZ benefit from substantial income tax exemptions. In Free Zones, there is a complete exemption from income tax for the first seven years, followed by a 50% reduction in the applicable legal income tax rates for the next five years. After 12 years, businesses can enjoy a 50% reduction on the current legal income tax for profits that are reinvested within one year as reserve funds for the subsequent five years. Similarly, Promotion Zones offer a five-year income tax exemption, followed by a 50% relief from legal income tax rates for an additional five years. Furthermore, a 50% reduction applies to profits reinvested within one year as reserve funds after 10 years of operation.

#### **(b) Exemptions from Commercial Tax and Value-Added Tax**

Both Free Zones and Promotion Zones provide investors with significant exemptions concerning commercial and value-added taxes. Free Zones offer complete exemptions from these taxes, while Promotion Zones provide exemptions from customs duties and applicable taxes on production machinery and other essential items needed for business operations during the first five years. Additionally, during the specified relief period outlined in the Special Economic Zone Law, businesses operating in Promotion Zones also benefit from exemptions from commercial tax and value-added tax.

#### **(c) Customs Duties Relief**

Investors in both Free Zones and Promotion Zones receive considerable relief from customs duties. Exemptions apply to imports of raw materials, production machinery, spare parts, and construction materials necessary for business facilities like factories, warehouses, and offices. For these items, a 50% relief on customs

duties and other applicable taxes is offered for a duration of five years. Moreover, businesses can apply for refunds of customs duties and other taxes paid on imported goods if these goods contribute to production and are subsequently exported, either abroad or to a Free Zone.

(d) Customs and Other Taxation Benefits

In Free Zones, customs and other taxes are waived for importing raw materials and goods used for production. Additionally, exemptions are available for the importation of goods intended for trading, consignment goods, motor vehicles, and other essential materials for tax-free wholesale trading, export trading, and transportation services. Promotion Zones also allow businesses to apply for exemptions from import tax or value-added tax when goods are imported from a local market or a Promotion Zone into a Free Zone. However, in all other scenarios, businesses must regularly pay customs and other taxes when importing raw materials and goods for production.

## CHAPTER 4

### SURVEY ANALYSIS

**This chapter covers the survey profile, design, and results. The survey results include a detailed analysis of the respondents' demographic characteristics as well as the factors that influence their decisions. Additionally, the chapter discusses the correlation analysis and multiple regression analysis conducted to explore the relationship between factors affecting satisfaction and overall investor satisfaction.**

#### **4.1 Survey Profile**

The Thilawa Special Economic Zone (TSEZ) is a specialized economic zone situated in Yangon, Myanmar. Established in 2013 as a joint venture between the governments of Myanmar and Japan, TSEZ aims to attract foreign investment and stimulate economic growth in the region. Spanning approximately 6,230 acres, the zone's development is planned in three phases. TSEZ's profile encompasses various key characteristics, including its location, legal framework, infrastructure, industry focus, and governance. Positioned near Thilawa Port, Myanmar's primary entry point for international trade, the zone is also conveniently located close to Yangon International Airport and the East-West Economic Corridor, which ensures easy access to major Southeast Asian markets. In terms of its legal framework, TSEZ operates under specific regulations that offer a range of incentives for foreign investors, including tax exemptions, customs duty waivers, streamlined regulatory processes, and robust legal protections. The zone boasts modern infrastructure, featuring well-developed roads, reliable water supply, electricity, telecommunications, and a deep-water port capable of handling large vessels.

TSEZ is designed to attract investments across various industries such as manufacturing, logistics, and services, providing multiple industrial parks tailored to specific sectors, including garment, Japanese investment, and logistics parks. Governance within the TSEZ is managed by the TSEZ Management Committee, a joint venture entity that oversees the overall management and development of the zone, comprising representatives from both Myanmar and Japan, as well as the private sector. Overall, TSEZ presents a favorable environment for foreign investors due to its strategic location, supportive legal framework, advanced infrastructure, and

targeted industry focus, making it an appealing destination for those seeking to expand their operations in Southeast Asia.

## 4.2 Survey Design

In this study, a descriptive method is employed to analyze the factors influencing the satisfaction of foreign investors in the Thilawa Special Economic Zone (TSEZ) in Myanmar. There are 111 companies operating in TSEZ, with a total of 444 foreign investors actively working in the zone. Consequently, the total population for this study is 444. Based on this population, the sample size was determined using the following formula (Yamane, 1967)

$$n = \frac{N}{1 + N(e)^2}$$
$$n = \frac{444}{1 + 444(0.05)^2}$$

Therefore, n = 209 where,

n = sample size needed

e = level of precision (95% confidence level)

N=total number of foreign investors in TSEZ

As a result, the needed sample size is 209 to conduct the survey research. The survey was carried out over two weeks in April, with 209 respondents participating during this period. The structured survey questions, designed with a five-point Likert scale, were administered via Google Forms. The questionnaire consists of two sections: demographic characteristics of the respondents and their perceptions regarding identified factors such as economic conditions, infrastructure, institutional support, human capital, and location. A copy of the questionnaire used in this study can be found in the Appendix. The research utilized a quantitative approach for analysis.

## 4.3 Survey Results

### 4.3.1 Demographic Characteristics of Respondents

The demographic profile of the respondents participating in the survey conducted within the Thilawa Special Economic Zone reveals a significant gender disparity, with a majority of respondents being male (87.1%) as compared to female respondents, who constitute only 12.9%. In terms of age, the age distribution indicates

that the largest group of investors is those between the ages of 46-55 years (60.8%), followed by the 36-45 years cohort (24.9%). The younger demographic (26-35 years) represents a mere 4.3%, while older investors (56 years and above) account for 10%. This age distribution suggests a predominance of experienced investors, potentially contributing to the strategic decisions made within the economic zone.

Regarding educational qualifications, a substantial majority of respondents possess a Bachelor's degree (94.7%), with only 5.3% holding a Master's degree. This high level of education indicates a well-informed investor base, likely equipped to navigate the complexities of international business. When analyzing the positions held by these respondents, it is evident that a significant majority (80.9%) occupy the role of Country Head, while just 19.1% hold managerial or director-level positions. This concentration at the Country Head level may suggest a tendency for decision-makers to represent their respective companies in this investment environment directly.

In terms of their motivations for investing in the Thilawa Special Economic Zone, the data illustrates that low cost (32.5%) and tax incentives (23.4%) are the primary drivers, with access to local and regional markets (5.7%) being less influential. Additionally, information acquisition primarily occurs through traditional media, with newspapers and magazines accounting for 73.2% of the sources, emphasizing the importance of conventional marketing in reaching potential investors. The tenure of investments in Myanmar shows that the majority of respondents (53.1%) have been involved for five to seven years, hinting at a relatively stable investor presence that may contribute to the ongoing development of the economic zone.

**Table 4.1 Demographic Characteristics of Respondents**

| <b>Gender</b>      | <b>Frequency</b> | <b>Percent</b> |
|--------------------|------------------|----------------|
| Male               | 182              | 87.1           |
| Female             | 27               | 12.9           |
| Total              | 209              | 100.0          |
| <b>Age</b>         | <b>Frequency</b> | <b>Percent</b> |
| 26-35 years        | 9                | 4.3            |
| 36-45 years        | 52               | 24.9           |
| 46-55 years        | 127              | 60.8           |
| 56 years and above | 21               | 10.0           |
| Total              | 209              | 100.0          |
| <b>Education</b>   | <b>Frequency</b> | <b>Percent</b> |
| Bachelor Degree    | 198              | 94.7           |

|                                     |                  |                |
|-------------------------------------|------------------|----------------|
| Master Degree                       | 11               | 5.3            |
| Total                               | 209              | 100.0          |
| <b>Position</b>                     | <b>Frequency</b> | <b>Percent</b> |
| Manager                             | 19               | 9.1            |
| Director                            | 21               | 10.0           |
| Country Head                        | 169              | 80.9           |
| Total                               | 209              | 100.0          |
| <b>Nationality</b>                  | <b>Frequency</b> | <b>Percent</b> |
| China                               | 7                | 3.3            |
| Japan                               | 175              | 83.7           |
| Thai                                | 15               | 7.2            |
| India                               | 6                | 2.9            |
| Malaysia                            | 3                | 1.4            |
| UK                                  | 3                | 1.4            |
| Total                               | 209              | 100.0          |
| <b>Types of Business</b>            | <b>Frequency</b> | <b>Percent</b> |
| Manufacturing                       | 82               | 39.2           |
| Logistic                            | 5                | 2.4            |
| Service                             | 122              | 58.4           |
| Total                               | 209              | 100.0          |
| <b>Motivation factor</b>            | <b>Frequency</b> | <b>Percent</b> |
| Tax Incentives                      | 49               | 23.4           |
| Access to local and regional market | 12               | 5.7            |
| Skill labour forces                 | 43               | 20.6           |
| Low Cost                            | 68               | 32.5           |
| Country Resources                   | 37               | 17.7           |
| Total                               | 209              | 100.0          |
| <b>Information From</b>             | <b>Frequency</b> | <b>Percent</b> |
| Online advertisement                | 7                | 3.3            |
| Newspaper or Magazine               | 153              | 73.2           |
| Word of mouth                       | 43               | 20.6           |
| Government Promotion                | 6                | 2.9            |
| Total                               | 209              | 100.0          |
| <b>Years of Doing in Myanmar</b>    | <b>Frequency</b> | <b>Percent</b> |
| Less than three years               | 6                | 2.9            |
| Three to five years                 | 80               | 38.3           |
| Five to seven years                 | 111              | 53.1           |
| Above seven years                   | 12               | 5.7            |
| Total                               | 209              | 100.0          |

*Source: Survey Data (2025)*

### 4.3.2 Reliability Analysis

Reliability analysis is a statistical method used to assess the consistency and dependability of a measurement instrument, often employing Cronbach's Alpha as a key indicator.

**Table 4.2 Reliability Analysis on Variables**

| Sr No | Variables                     | Cronbach's Alpha | N of Items |
|-------|-------------------------------|------------------|------------|
| 1     | Economic Factor               | 0.961            | 8          |
| 2     | Infrastructure Factor         | 0.971            | 7          |
| 3     | Institutional Factor          | 0.863            | 7          |
| 4     | Human Capital Factor          | 0.931            | 7          |
| 5     | Location Factor               | 0.948            | 7          |
| 6     | Foreign Investor Satisfaction | 0.961            | 9          |

*Source: SPSS Output (2025)*

A high Cronbach's Alpha value typically signifies that the items within a particular factor correlate well with one another, enhancing the validity of the scales used in the study. In the context of investigating various factors impacting foreign investor satisfaction in the Thilawa Special Economic Zone, such reliability analyses provide crucial insights for researchers and stakeholders, ensuring that the findings derived from these questionnaires can be considered trustworthy and reflective of true investor sentiments.

The analysis of the given data reveals several noteworthy findings regarding the variables influencing foreign investment. The Economic Factor has an impressive Cronbach's Alpha of 0.961, suggesting a very high level of internal consistency across its eight items. Similarly, the Infrastructure Factor boasts an even higher reliability score of 0.971 with its seven items, indicating that perceptions of infrastructure quality are perceived reliably among investors. Other factors, such as Location (0.948) and Human Capital (0.931), also demonstrate strong internal consistency, confirming that these aspects are critical to understanding the foreign investment environment in the Thilawa Special Economic Zone.

Conversely, the Institutional Factor presents a relatively lower Cronbach's Alpha of 0.863, while still suggesting an acceptable level of reliability, indicating that

this factor's seven items may have some variability in responses. Lastly, the Foreign Investor Satisfaction, with a Cronbach's Alpha of 0.961 from its nine items, underscores the strong confidence investors have in their satisfaction assessment. Overall, the results of the reliability analysis illustrate that most of the evaluated factors have strong internal consistency, validating the measurement scales and reinforcing the robustness of the study in capturing the essential elements of foreign investor motivations and satisfaction in this economic zone.

### 4.3.3 Descriptive Analysis on Variables

#### (a) Perception on Economics Factors

Table 4.3 presents the analysis of perceptions on economic factors within the Thilawa Special Economic Zone (TSEZ), revealing an overall mean score of 3.98 and a standard deviation of 0.58.

**Table 4.3 Perception on Economic Factors**

| <b>Sr No</b> | <b>Perception on Economic Factors</b>   | <b>Mean</b> | <b>Std. Deviation</b> |
|--------------|---|-------------|-----------------------|
| 1            | The cost of doing business in TSEZ is favorable.  | 3.96        | 0.611                 |
| 2            | The taxation policies in the TSEZ are advantageous for my business operations.  | 3.99        | 0.588                 |
| 3            | The TSEZ offers a competitive advantage over other investment zones in Myanmar.   | 4.02        | 0.580                 |
| 4            | The presence of economic clusters and supply chain linkages in the TSEZ enhances business competitiveness.                    | 3.99        | 0.567                 |
| 5            | The economic integration within the TSEZ facilitates access to regional markets and resources                                 | 3.93        | 0.585                 |
| 6            | The overall business environment in the TSEZ is stable enough to support expansion and long-term investment planning.         | 3.98        | 0.554                 |
| 7            | The availability of financing options within the TSEZ plays a crucial role in influencing my investment decisions in Myanmar. | 4.00        | 0.559                 |
| 8            | I am satisfied with the economic support and opportunities offered within the TSEZ.   | 3.99        | 0.588                 |
|              | Overall   | 3.98        | 0.58                  |

*Source: Survey Data (2025)*

This indicates a generally positive outlook among investors regarding the economic environment of the TSEZ. Among all variables, the highest mean score was recorded for the TSEZ's competitive advantage over other investment zones (mean = 4.02), suggesting that investors see the zone as uniquely positioned to offer economic benefits compared to other locations in Myanmar. This is closely followed by the availability of financing options (mean = 4.00) and favorable taxation policies (mean = 3.99), both of which are considered crucial for influencing investment decisions.

Other highly rated aspects include economic clusters and supply chain linkages (mean = 3.99), economic support and opportunities (mean = 3.99), and business environment stability (mean = 3.98), all of which reflect investor confidence in the zone's infrastructure and supportive framework. The cost of doing business was also rated positively (mean = 3.96), emphasizing its perceived affordability and feasibility. The relatively lower, but still positive, rating for economic integration within the TSEZ (mean = 3.93) may indicate room for further strengthening of regional market linkages. The low standard deviations across all items (ranging from 0.554 to 0.611) show a strong consensus among respondents. Overall, the data suggests that the TSEZ provides a favorable economic climate that supports investment, expansion, and competitiveness, making it an attractive destination for both local and foreign investors.

(b) Perception on Infrastructure Factors

The perceptions of foreign investors regarding infrastructure in the Thilawa Special Economic Zone (TSEZ) demonstrate a high level of satisfaction, as evidenced by an overall mean score of 3.95 and a standard deviation of 0.60. This suggests consistent positive responses from investors about the infrastructure available in the zone, which is critical for operational success and long-term investment stability.

**Table 4.4 Perception on Infrastructure Factors**

| <b>Sr No</b> | <b>Perception on Infrastructure Factors</b>  | <b>Mean</b> | <b>Std. Deviation</b> |
|--------------|--|-------------|-----------------------|
| 1            | The transportation facilities available in the TSEZ adequately support my business operations. | 3.94        | 0.602                 |
| 2            | The communication facilities provided in the TSEZ effectively                                  | 3.91        | 0.630                 |

|   |  |      |       |
|---|--|------|-------|
|   | fulfill my business requirements.  |      |       |
| 3 | The energy supply in the TSEZ is dependable.   | 3.95 | 0.595 |
| 4 | The water supply in the TSEZ is adequate to meet business needs.   | 3.97 | 0.571 |
| 5 | Waste management facilities in the TSEZ are satisfactory.  | 3.95 | 0.614 |
| 6 | The transportation and logistics in the TSEZ is favourable.  | 3.94 | 0.613 |
| 7 | The availability of advanced technological infrastructure and strong digital connectivity enhances the confidence of foreign investors in Myanmar. | 3.95 | 0.586 |
|   | Overall  | 3.95 | 0.60  |

*Source: Survey Data (2025)*

Among the specific infrastructure components, the water supply received the highest mean score of 3.97, indicating that investors find it highly adequate to meet their business needs. This reflects confidence in the zone’s provision of essential utilities required for smooth day-to-day operations. The energy supply also scored favorably with a mean of 3.95, highlighting the dependability of electricity services, which is crucial for continuous production activities.

Transportation facilities and logistics infrastructure both received strong ratings, with mean scores of 3.94, suggesting that investors perceive them as sufficiently supporting the movement of goods and overall operational efficiency. Similarly, communication facilities scored a respectable 3.91, showing that digital and telecommunications infrastructure is generally seen as effective in fulfilling business requirements.

Other key infrastructure aspects, such as waste management and advanced technological infrastructure, both scored 3.95, reflecting a favorable view of environmental management practices and digital readiness within the TSEZ. These scores suggest that foreign investors appreciate the zone’s emphasis on sustainable and modern infrastructure solution.

Overall, the data reflect a well-rounded infrastructure system that supports a range of business functions. TSEZ offers essential utilities such as 24/7 electricity, clean water supply, reliable logistics, and advanced digital connectivity. These

features help mitigate operational risks and contribute to supply chain reliability, enhancing the zone’s attractiveness for both manufacturing and export-oriented investors. The consistently high mean scores across all infrastructure variables affirm that infrastructure is a key contributor to investor satisfaction in the TSEZ.

(c) Perception on Institutional Factors

The perceptions of foreign investors regarding institutional factors in the Thilawa Special Economic Zone (TSEZ) illustrate a generally positive sentiment, as evidenced by an overall mean score of 3.84. This suggests that investors appreciate the institutional framework and its impact on their business experiences in the zone.

**Table 4.5 Perception on Institutional Factors**

| <b>Sr No</b> | <b>Perception on Institutional Factors</b>   | <b>Mean</b> | <b>Std. Deviation</b> |
|--------------|--|-------------|-----------------------|
| 1            | Transparent administrative procedures in the TSEZ have positively impacted my investment experience.                               | 3.85        | 0.502                 |
| 2            | The legal and regulatory framework in the TSEZ is supportive of foreign investors conducting business.                             | 3.63        | 0.646                 |
| 3            | The legal protections available to foreign investors in the TSEZ boost my confidence as an investor.                               | 3.96        | 0.611                 |
| 4            | The clarity and reliability of the legal and regulatory frameworks contribute to the satisfaction of foreign investors in Myanmar. | 3.96        | 0.603                 |
| 5            | The dispute resolution systems in the TSEZ effectively handle conflicts.   | 3.97        | 0.608                 |
| 6            | Government policies for foreign investors create a favorable environment for doing business.                                       | 3.83        | 0.489                 |
| 7            | The One Stop Service Center (OSSC) for foreign investors efficiently supports all business activities.                             | 3.66        | 0.624                 |
|              | Overall  | 3.84        | 0.58                  |

*Source: Survey Data (2025)*

Among the individual factors, the mean score of 3.85 for transparent administrative procedures indicates that investors find clarity and openness in the processes, which positively influences their investment experiences and builds trust in the local governance.

Despite the positive perceptions, some institutional aspects received slightly lower ratings. For instance, the legal and regulatory framework supporting foreign investors scored a mean of 3.63, suggesting room for improvement in the robustness of these regulations. However, the strong mean of 3.96 for the legal protections available to foreign investors reflects a significant factor in boosting investor confidence, indicating that while there may be concerns regarding regulatory support, investors feel secure in their legal rights. Additionally, the clarity and reliability of these frameworks, also noted with a mean score of 3.96, play a critical role in shaping overall investor satisfaction.

Another noteworthy aspect is the effectiveness of dispute resolution systems, scored at 3.97, which highlights investors' confidence in handling conflicts when they arise. Moreover, government policies aimed at fostering a favorable business environment for foreign investors received a score of 3.83, which echoes the positives of investor support but suggests investors seek further improvements. Lastly, the efficiency of the One Stop Service Center (OSSC) for foreign investors, with a mean score of 3.66, indicates that while it is beneficial, there is potential for enhancing the support it provides. Overall, the insights reflect a generally favorable view of institutional factors in the TSEZ, with identified areas for continued development to further enhance investor confidence and satisfaction.

Strong institutional support from the Myanmar government, including streamlined administrative processes and investment-friendly regulations, enhances the ease of doing business in TSEZ. Investors benefit from clear legal frameworks and proactive government engagement, which fosters a sense of security and long-term commitment.

(d) Perception on Human Capital Factor

The perceptions of foreign investors regarding human capital factors in the Thilawa Special Economic Zone (TSEZ) convey a strong sense of satisfaction, with an overall mean score of 3.89. This indicates that investors generally perceive positively the availability and quality of human resources within the zone.

**Table 4.6 Perception on Human Capital Factors**

| Sr No | Perception on Human Capital Factors | Mean | Std. Deviation |
|-------|-------------------------------------|------|----------------|
|-------|-------------------------------------|------|----------------|

|   |   |      |       |
|---|---|------|-------|
| 1 | The availability of skilled labor in the TSEZ supports business operations effectively.                     | 3.98 | 0.631 |
| 2 | The presence of experienced managers aligns with the expectations of foreign investors.                     | 3.96 | 0.603 |
| 3 | The education level and skillset of the local workforce satisfy the requirements of foreign investors.      | 4.00 | 0.628 |
| 4 | Specialized training programs offered within the TSEZ improve the capabilities of employees.                | 3.42 | 0.600 |
| 5 | The local workforce demonstrates motivation and productivity, positively impacting our business operations. | 3.96 | 0.599 |
| 6 | Labor costs in the TSEZ are affordable and competitive.   | 3.97 | 0.612 |
| 7 | The size of the local workforce is adequate to meet the demands of my business.                             | 3.97 | 0.615 |
|   | Overall   | 3.89 | 0.61  |

*Source: Survey Data (2025)*

The highest rated aspect is the education level and skill set of the local workforce, achieving a mean score of 4.00, demonstrating that investors find the local talent capable of meeting their operational demands effectively.

Key to the success of enterprises in the TSEZ is the availability of skilled labor, which received a commendable score of 3.98. This suggests that foreign investors feel adequately supported by the workforce's capabilities. Additionally, the presence of experienced managers was rated favorably at 3.96, indicating that managerial expertise aligns with the expectations of foreign investors, which is critical for effective business operations.

The motivation and productivity of the local workforce also earned a score of 3.96, further emphasizing the positive impact of employee engagement on business performance. The perceived affordability and competitiveness of labor costs, scored at 3.97, suggest that investors appreciate the economic viability of employing local talent, which can contribute to overall profitability.

However, one area where investors expressed less satisfaction is in the availability of specialized training programs, which scored a lower mean of 3.42. This indicates a potential gap in skill development opportunities that could enhance the capabilities of the workforce further. While the size of the local workforce received a solid score of 3.97, aligning with business demands, the sentiment surrounding training initiatives suggests that enhancing these programs could significantly improve the skill set and effectiveness of employees. Overall, the feedback regarding human capital factors reflects robust support for business operations within the TSEZ, with notable strengths in the workforce's skills and productivity, but also highlights opportunities for improving specialized training to further elevate the talent pool.

The availability of a skilled and trainable workforce in TSEZ is seen as a key advantage by investors. The combination of competitive labor costs and government-supported vocational training programs ensures that businesses can meet their human resource needs efficiently while maintaining productivity and quality.

(e) Perception on Location Factor

The perceptions of foreign investors regarding location factors in the Thilawa Special Economic Zone (TSEZ) reveal a strong level of satisfaction, with an overall mean score of 3.94 and a standard deviation of 0.60, indicating consistency and generally positive sentiments. These findings suggest that the geographical and environmental attributes of TSEZ, along with supporting location-specific elements, significantly contribute to investor satisfaction.

**Table 4.7 Perception on Location Factors**

| <b>Sr No</b> | <b>Perception on Location Factors</b>   | <b>Mean</b> | <b>Std. Deviation</b> |
|--------------|---|-------------|-----------------------|
| 1            | The strategic geographical location of the investment destination enhances my satisfaction as a foreign investor.         | 3.81        | 0.657                 |
| 2            | The availability of well-developed transportation infrastructure in the area positively impacts my satisfaction.          | 3.97        | 0.575                 |
| 3            | The quality and reliability of utilities, such as electricity and water, contribute to my satisfaction with the location. | 3.94        | 0.605                 |
| 4            | Cultural alignment and social openness in the area play a   | 3.93        | 0.609                 |

|   |   |      |       |
|---|---|------|-------|
|   | key role in shaping my decision-making as a foreign investor.   |      |       |
| 5 | The local infrastructure, like roads and utilities, is good for business operation.                       | 3.96 | 0.595 |
| 6 | The location is accessible by major highways and public transportation.                                   | 3.98 | 0.563 |
| 7 | The adoption of environmentally sustainable practices in the location positively impacts my satisfaction. | 4.00 | 0.568 |
|   | Overall   | 3.94 | 0.60  |

*Source: Survey Data (2025)*

The availability of environmentally sustainable practices received the highest mean score of 4.00, indicating that foreign investors highly value the zone’s commitment to ecological responsibility. This result underscores a growing investor preference for environmentally conscious investment destinations, aligning with global standards for sustainable development.

Closely following are the availability of real estate and office space (mean = 3.98) and the presence of well-developed transportation infrastructure (mean = 3.97). These responses highlight the importance of functional and accessible spaces for operations and the need for reliable transport networks in facilitating business activities. The high scores reflect investor confidence in the physical and logistical infrastructure of the location, which are essential for operational efficiency and expansion opportunities.

In terms of political stability and security, a mean score of 3.96 shows that investors are generally satisfied with the socio-political conditions in the area. This is critical, as a stable and secure environment reduces investment risk and strengthens investor confidence. The quality and reliability of utilities, such as electricity and water, also scored positively with a mean of 3.94, reinforcing the role of basic services in shaping favorable location perceptions.

Cultural compatibility and social acceptance, with a mean score of 3.93, indicate that the socio-cultural environment is conducive to foreign business presence,

contributing to smoother integration and operational ease. Lastly, the strategic geographical location, while slightly lower at 3.81, still reflects a positive perception. This suggests that while location is viewed favorably, there may be room to enhance geographic advantages through improved international connectivity or regional integration.

Overall, the data point to a well-regarded locational profile for TSEZ, with foreign investors recognizing the zone’s strengths in sustainability, infrastructure, socio-political conditions, and availability of business space. These factors collectively contribute to a supportive environment for foreign investment, reinforcing TSEZ’s strategic value in Myanmar’s investment landscape.

(f) Comparison of Overall Mean

The analysis of overall mean scores across five core variables offers valuable insight into the factors influencing foreign investor satisfaction in the Thilawa Special Economic Zone (TSEZ). Among the dimensions assessed, the Economic Factor recorded the highest mean score of 3.98, indicating that foreign investors place substantial importance on favorable macroeconomic conditions, tax incentives, and market opportunities. This result underscores the critical role of economic stability and financial benefits in shaping investment decisions.

**Table 4.8 Comparison of Overall Mean**

| Sr No | Variables             | Overall Mean |
|-------|-----------------------|--------------|
| 1     | Economic Factor       | 3.98         |
| 2     | Infrastructure Factor | 3.95         |
| 3     | Institutional Factor  | 3.84         |
| 4     | Human Capital Factor  | 3.89         |
| 5     | Location Factor       | 3.94         |

*Source: Survey Data (2025)*

Furthermore, the Infrastructure Factor received a high mean score of 3.95, highlighting the positive perception of physical infrastructure such as transportation systems, utility services, and technological connectivity. This reflects investor

confidence in TSEZ's capacity to support efficient industrial operations, reduce logistical costs, and ensure reliable service delivery.

The Location Factor, with a mean of 3.94, also scored highly, suggesting that geographical accessibility, political stability, and environmental sustainability are key contributors to investor satisfaction. This reinforces the strategic importance of TSEZ's proximity to major trade routes and urban centers, coupled with a favorable investment climate.

Meanwhile, the Human Capital Factor achieved a moderate mean score of 3.89, suggesting that although labor availability and cost are favorable, there may still be concerns regarding skill levels, workforce readiness, or specialized training. This points to an opportunity for policy intervention to improve vocational education and workforce development initiatives.

Finally, the Institutional Factor received the lowest mean score of 3.84, indicating relative dissatisfaction with aspects such as regulatory transparency, administrative efficiency, and legal protections. While still generally positive, this result signals that improving institutional quality—such as reducing bureaucratic red tape and enhancing investor protections—could significantly strengthen investor confidence and further attract foreign capital. Overall, the findings reveal that while economic, infrastructure, and location factors are perceived very positively, there is room for improvement in institutional governance and human capital development to ensure sustained investor satisfaction in the TSEZ.

# CHAPTER 5

## CONCLUSION

### 5.1 Findings

The demographic composition of respondents from the Thilawa Special Economic Zone (TSEZ) highlights the dominance of male investors and a significantly mature and experienced investor base. Out of the total 117 respondents, the majority are between the ages of 46 to 55, indicating that investment decisions are largely made by individuals with long-standing industry expertise. The high level of educational attainment, particularly Bachelor's degree holders, reinforces the idea of a knowledgeable and competent investor community. Notably, most respondents hold senior leadership roles, such as Country Heads, showing that top-level executives are directly involved in shaping the investment landscape in TSEZ.

The internal consistency of the survey instrument used in this study is validated by the high reliability scores across key factors. Economic, infrastructure, location, and human capital variables demonstrate excellent measurement consistency, suggesting that respondents interpreted and responded to the questions in a uniform and meaningful way. Even the lowest-rated factor, institutional support, shows acceptable reliability, affirming that the measurement framework effectively captured the perceptions of foreign investors. These outcomes strengthen the credibility of the findings and confirm the relevance of the selected variables in evaluating investor satisfaction.

Concerned with economic factors, the findings reveal that investors generally hold a positive perception of the Thilawa Special Economic Zone (TSEZ) as a supportive environment for business and investment. Respondents highlighted the zone's competitive advantage over other investment areas, alongside favorable taxation policies and accessible financing options, as key economic strengths. The presence of economic clusters, supply chain linkages, and a stable business environment further contribute to investor confidence. Additionally, the cost of doing business is viewed as reasonable, and satisfaction with the economic support and opportunities offered within the zone is evident. Although perceptions of regional economic integration were slightly less favorable, they remain positive overall, suggesting potential for improvement in cross-border market access. The consistency

of responses across all economic indicators reflects a shared outlook among investors, reinforcing the view that the TSEZ offers a conducive and competitive setting for both local and foreign businesses.

Infrastructure is another pillar of investor satisfaction in TSEZ. Respondents emphasize the importance of dependable utilities such as water and energy supply in sustaining business operations. In addition, efficient transportation systems, modern communication networks, and effective waste management enhance operational ease and reduce logistical barriers. Investors also acknowledge the value of advanced technological infrastructure, which supports digital integration and innovation. These infrastructure provisions not only improve productivity but also boost investor confidence in the zone's capability to support expansion and competitive operations.

Institutional support in TSEZ is viewed positively overall, though some areas are flagged for improvement. Investors show confidence in legal protections, dispute resolution mechanisms, and regulatory clarity. However, there are concerns regarding the responsiveness and helpfulness of the regulatory framework and administrative services, particularly the One Stop Service Center. These issues hint at the persistence of bureaucratic inefficiencies that can slow down the investment process. Strengthening governance and simplifying administrative procedures are necessary steps to create a more transparent and business-friendly institutional environment.

Human capital in TSEZ is generally well-regarded by investors, especially in terms of the availability of skilled labor, experienced managers, and productive employees. Labor affordability is also considered a strategic advantage. Despite these strengths, there is notable dissatisfaction with the limited availability of specialized training programs. This gap in workforce development may restrict the ability of investors to scale operations or diversify into more technical sectors. Enhancing vocational training and improving education-to-employment pathways will be key to ensuring that the labor force continues to meet the evolving demands of international investors.

The location factors of TSEZ are positively perceived by foreign investors. They particularly value the zone's accessibility, utility reliability, and commitment to environmentally sustainable practices. Political stability and socio-cultural compatibility also contribute to the favorable business climate. However, perceptions of the zone's strategic geographical positioning are slightly less favorable, indicating that enhanced regional integration or improved global connectivity may be needed.

When comparing all core factors, economic, infrastructure, and location aspects are rated most favorably, while institutional support and human capital present opportunities for further improvement.

## **5.2 Suggestions**

Public administration should prioritize reforms aimed at enhancing institutional efficiency within the TSEZ. Simplifying procedures at the One Stop Service Center, reducing bureaucratic delays, and enhancing inter-agency coordination can significantly improve investor experiences. Regulatory frameworks should be streamlined and communicated clearly to reduce uncertainty and ensure that foreign investors have a transparent and supportive legal environment. Providing regular policy briefings and responsive feedback mechanisms will also help build trust and strengthen institutional legitimacy.

Strategic investment in workforce development should be a central policy focus. Public agencies in collaboration with private firms should establish or expand technical and vocational training programs aligned with the current and future needs of investors in the TSEZ. Offering government-subsidized training centers and certification pathways will help bridge the gap between available labor and investor requirements. Additionally, public administration can partner with educational institutions to design curricula that emphasize soft skills, digital literacy, and sector-specific competencies critical for the manufacturing and export industries.

From a location development standpoint, public administrators should further enhance the strategic value of TSEZ by improving international connectivity and promoting regional trade links. Investment in transportation infrastructure, including highways, ports, and customs processing facilities, should be expanded to support seamless logistics. Promoting sustainable development policies through environmental certifications and clean energy incentives can also enhance the zone's global appeal. Lastly, regular assessments of economic and investor needs should inform adaptive policy planning to maintain the TSEZ's competitive advantage in the region.

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# APPENDIX

## Questionnaire

I am Ma Aye Myat Mon and studying the Master of Public Administration Programme in Yangon University of Economics, Myanmar. I am currently preparing my final thesis with the title of “The Study on the Foreign Direct Investment in Thilawa Special Economic Zone”. It would be grateful if you could kindly answer my questionnaire. Your honest opinion might help me to accomplish my final thesis. I do promise that the survey results will use only for academic purpose and keep as confidential materials.

### Section I: Respondents Demographic Information

1. What is your gender?

- (a) Male   
(b) Female

2. What is your age?

- (a) 18-25 years   
(b) 26-35 years   
(c) 36-45 years   
(d) 46-55 years   
(e) 56 years and above

3. What is your business (country of origin)?

- (a) China   
(b) Japan   
(c) Thai   
(d) India   
(e) Malaysia   
(f) UK   
(g) Other

4. What is your highest level of education?

- (a) High school diploma   
(b) Bachelor's degree   
(c) Master's degree

- (d) Doctorate degree
- (e) Other

5. What is your current position?

- (a) Business owner
- (b) Manager
- (c) Director
- (d) Country Head

6. Type of Business?

- (a) Manufacturing
- (b) Logistics
- (c) Service
- (d) Other

7. How did you hear about the TSEZ you invested in?

- (a) Online advertisement
- (b) Newspaper or magazine article
- (c) Word of mouth
- (d) Government promotion
- (e) Other

8. What motivated you to invest in the TSEZ most?

- (a) Tax incentives
- (b) Access to local and regional markets
- (c) Skilled labor force
- (d) Low labor costs
- (e) Country Resources
- (f) Other

9. How many years of investing in TSEZ?

- (a) Less than 1 year
- (b) 3-5 years
- (c) 5-7 years
- (d) Above 7 years
- (e) Other

**Section II. Analysis on the extent to which factors influencing investment in Myanmar**

**10. Please rate the agreeable level to the effect of Economic Factors that influence foreign investors satisfaction in TSEZ, Myanmar**

1= strongly disagree, 2= disagree, 3 = could not decide, 4 = agree, 5 = strongly agree

| Sr No | Perception on Economic Factors  | Agreeable Level |   |   |   |   |
|-------|---|-----------------|---|---|---|---|
|       |   | 1               | 2 | 3 | 4 | 5 |
| 1     | The cost of doing business in TSEZ is favorable.  | 1               | 2 | 3 | 4 | 5 |
| 2     | The taxation policies in the TSEZ are advantageous for my business operations.  | 1               | 2 | 3 | 4 | 5 |
| 3     | The TSEZ offers a competitive advantage over other investment zones in Myanmar.   | 1               | 2 | 3 | 4 | 5 |
| 4     | The presence of economic clusters and supply chain linkages in the TSEZ enhances business competitiveness.                    | 1               | 2 | 3 | 4 | 5 |
| 5     | The economic integration within the TSEZ facilitates access to regional markets and resources                                 | 1               | 2 | 3 | 4 | 5 |
| 6     | The overall business environment in the TSEZ is stable enough to support expansion and long-term investment planning.         | 1               | 2 | 3 | 4 | 5 |
| 7     | The availability of financing options within the TSEZ plays a crucial role in influencing my investment decisions in Myanmar. | 1               | 2 | 3 | 4 | 5 |
| 8     | I am satisfied with the economic support and opportunities offered within the TSEZ.   | 1               | 2 | 3 | 4 | 5 |

**11. Please rate the agreeable level to the effect of Infrastructure factor that influence foreign investors satisfaction in TSEZ, Myanmar**

| Sr No | Perception on Infrastructure Factors   | Agreeable Level |   |   |   |   |
|-------|--|-----------------|---|---|---|---|
|       |  | 1               | 2 | 3 | 4 | 5 |
| 1     | The transportation facilities available in the TSEZ adequately support my business operations.   | 1               | 2 | 3 | 4 | 5 |
| 2     | The communication facilities provided in the TSEZ effectively fulfill my business requirements.  | 1               | 2 | 3 | 4 | 5 |
| 3     | The energy supply in the TSEZ is dependable.   | 1               | 2 | 3 | 4 | 5 |
| 4     | The water supply in the TSEZ is adequate to meet business needs.   | 1               | 2 | 3 | 4 | 5 |
| 5     | Waste management facilities in the TSEZ are satisfactory.  | 1               | 2 | 3 | 4 | 5 |
| 6     | The transportation and logistics in the TSEZ is favourable.  | 1               | 2 | 3 | 4 | 5 |
| 7     | The availability of advanced technological infrastructure and strong digital connectivity enhances the confidence of foreign investors in Myanmar. | 1               | 2 | 3 | 4 | 5 |

**12. Please rate the agreeable level to the effect of Institutional Factor that influence foreign investors satisfaction in TSEZ, Myanmar**

| Sr No | Perception on Institutional Factors  | Agreeable Level |   |   |   |   |
|-------|--|-----------------|---|---|---|---|
|       |  | 1               | 2 | 3 | 4 | 5 |
| 1     | Transparent administrative procedures in the TSEZ have positively impacted my investment experience.                               | 1               | 2 | 3 | 4 | 5 |
| 2     | The legal and regulatory framework in the TSEZ is supportive of foreign investors conducting business.                             | 1               | 2 | 3 | 4 | 5 |
| 3     | The legal protections available to foreign investors in the TSEZ boost my confidence as an investor.                               | 1               | 2 | 3 | 4 | 5 |
| 4     | The clarity and reliability of the legal and regulatory frameworks contribute to the satisfaction of foreign investors in Myanmar. | 1               | 2 | 3 | 4 | 5 |
| 5     | The dispute resolution systems in the TSEZ effectively   | 1               | 2 | 3 | 4 | 5 |

|   |  |   |   |   |   |   |
|---|--|---|---|---|---|---|
|   | handle conflicts.  |   |   |   |   |   |
| 6 | Government policies for foreign investors create a favorable environment for doing business.           | 1 | 2 | 3 | 4 | 5 |
| 7 | The One Stop Service Center (OSSC) for foreign investors efficiently supports all business activities. | 1 | 2 | 3 | 4 | 5 |

**13. Please rate the agreeable level to the effect of Human Capital Factors that influence foreign investors satisfaction in TSEZ, Myanmar**

| Sr No | Perception on Human Capital Factors   | Agreeable Level |   |   |   |   |
|-------|---|-----------------|---|---|---|---|
|       |   | 1               | 2 | 3 | 4 | 5 |
| 1     | The availability of skilled labor in the TSEZ supports business operations effectively.                     | 1               | 2 | 3 | 4 | 5 |
| 2     | The presence of experienced managers aligns with the expectations of foreign investors.                     | 1               | 2 | 3 | 4 | 5 |
| 3     | The education level and skillset of the local workforce satisfy the requirements of foreign investors.      | 1               | 2 | 3 | 4 | 5 |
| 4     | Specialized training programs offered within the TSEZ improve the capabilities of employees.                | 1               | 2 | 3 | 4 | 5 |
| 5     | The local workforce demonstrates motivation and productivity, positively impacting our business operations. | 1               | 2 | 3 | 4 | 5 |
| 6     | Labor costs in the TSEZ are affordable and competitive.   | 1               | 2 | 3 | 4 | 5 |
| 7     | The size of the local workforce is adequate to meet the demands of my business.                             | 1               | 2 | 3 | 4 | 5 |

**14. Please rate the agreeable level to the effect of Location Factors that influence foreign investors satisfaction in TSEZ, Myanmar**

| Sr No | Perception on Location Factors  | Agreeable Level |   |   |   |   |
|-------|---|-----------------|---|---|---|---|
|       |   | 1               | 2 | 3 | 4 | 5 |
| 1     | The strategic geographical location of the investment destination enhances my satisfaction as a foreign investor. | 1               | 2 | 3 | 4 | 5 |

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 2 | The availability of well-developed transportation infrastructure in the area positively impacts my satisfaction.          | 1 | 2 | 3 | 4 | 5 |
| 3 | The quality and reliability of utilities, such as electricity and water, contribute to my satisfaction with the location. | 1 | 2 | 3 | 4 | 5 |
| 4 | Cultural alignment and social openness in the area play a key role in shaping my decision-making as a foreign investor.   | 1 | 2 | 3 | 4 | 5 |
| 5 | The local infrastructure, like roads and utilities, is good for business operation.                                       | 1 | 2 | 3 | 4 | 5 |
| 6 | The location is accessible by major highways and public transportation.   | 1 | 2 | 3 | 4 | 5 |
| 7 | The adoption of environmentally sustainable practices in the location positively impacts my satisfaction.                 | 1 | 2 | 3 | 4 | 5 |

**15. Any Suggestions and Comments**

.....  
.....

## SPSS Output

### Descriptive Statistics

|     | N   | Minimum | Maximum | Mean | Std.<br>Deviation |
|-----|-----|---------|---------|------|-------------------|
| EF1 | 209 | 2       | 5       | 3.96 | .611              |
| EF3 | 209 | 2       | 5       | 3.99 | .588              |
| EF3 | 209 | 2       | 5       | 4.02 | .580              |
| EF4 | 209 | 2       | 5       | 3.99 | .567              |
| EF5 | 209 | 2       | 5       | 3.93 | .585              |
| EF6 | 209 | 2       | 5       | 3.98 | .554              |
| EF7 | 209 | 2       | 5       | 4.00 | .559              |
| EF8 | 209 | 2       | 5       | 3.99 | .588              |
| I1  | 209 | 2       | 5       | 3.94 | .602              |
| I3  | 209 | 2       | 5       | 3.91 | .630              |
| I3  | 209 | 2       | 5       | 3.95 | .595              |
| I4  | 209 | 2       | 5       | 3.97 | .571              |
| I5  | 209 | 2       | 5       | 3.95 | .614              |
| I6  | 209 | 2       | 5       | 3.94 | .613              |
| I7  | 209 | 2       | 5       | 3.95 | .586              |
| IF1 | 209 | 2       | 5       | 3.85 | .502              |
| IF2 | 209 | 2       | 5       | 3.63 | .646              |
| IF3 | 209 | 2       | 5       | 3.96 | .611              |
| IF4 | 209 | 2       | 5       | 3.96 | .603              |
| IF5 | 209 | 2       | 5       | 3.97 | .608              |
| IF6 | 209 | 2       | 5       | 3.83 | .489              |
| IF7 | 209 | 2       | 5       | 3.66 | .624              |
| HC1 | 209 | 2       | 5       | 3.98 | .631              |

|                       |     |   |   |      |      |
|-----------------------|-----|---|---|------|------|
| HC3                   | 209 | 2 | 5 | 3.96 | .603 |
| HC3                   | 209 | 2 | 5 | 4.00 | .628 |
| HC4                   | 209 | 2 | 5 | 3.42 | .600 |
| HC5                   | 209 | 2 | 5 | 3.96 | .599 |
| HC6                   | 209 | 2 | 5 | 3.97 | .612 |
| HC7                   | 209 | 2 | 5 | 3.97 | .615 |
| LF1                   | 209 | 2 | 5 | 3.81 | .657 |
| LF2                   | 209 | 2 | 5 | 3.97 | .575 |
| LF3                   | 209 | 2 | 5 | 3.94 | .605 |
| LF4                   | 209 | 2 | 5 | 3.93 | .609 |
| LF5                   | 209 | 2 | 5 | 3.96 | .595 |
| LF6                   | 209 | 2 | 5 | 3.98 | .563 |
| LF7                   | 209 | 2 | 5 | 4.00 | .568 |
| IS1                   | 209 | 2 | 5 | 3.97 | .627 |
| IS2                   | 209 | 2 | 5 | 3.96 | .599 |
| IS3                   | 209 | 2 | 5 | 3.99 | .628 |
| IS4                   | 209 | 2 | 5 | 3.96 | .615 |
| IS5                   | 209 | 2 | 5 | 3.42 | .592 |
| IS6                   | 209 | 2 | 5 | 3.95 | .595 |
| IS7                   | 209 | 2 | 5 | 3.96 | .607 |
| IS8                   | 209 | 2 | 5 | 3.97 | .588 |
| IS9                   | 209 | 2 | 5 | 3.97 | .612 |
| Valid N<br>(listwise) | 209 |   |   |      |      |

#### CORRELATIONS

/VARIABLES=TIS TE TI TIF THC TLF

/PRINT=TWOTAIL NOSIG FULL

/MISSING=PAIRWISE.

**Correlations**

|     |                     | <b>Correlations</b> |        |        |        |        |        |
|-----|---------------------|---------------------|--------|--------|--------|--------|--------|
|     |                     | TIS                 | TE     | TI     | TIF    | THC    | TLF    |
| TIS | Pearson Correlation | 1                   | .879** | .913** | .746** | .996** | .922** |
|     | Sig. (2-tailed)     |                     | .000   | .000   | .000   | .000   | .000   |
|     | N                   | 209                 | 209    | 209    | 209    | 209    | 209    |
| TE  | Pearson Correlation | .879**              | 1      | .888** | .684** | .865** | .830** |
|     | Sig. (2-tailed)     | .000                |        | .000   | .000   | .000   | .000   |
|     | N                   | 209                 | 209    | 209    | 209    | 209    | 209    |
| TI  | Pearson Correlation | .913**              | .888** | 1      | .695** | .902** | .888** |
|     | Sig. (2-tailed)     | .000                | .000   |        | .000   | .000   | .000   |
|     | N                   | 209                 | 209    | 209    | 209    | 209    | 209    |
| TIF | Pearson Correlation | .746**              | .684** | .695** | 1      | .742** | .690** |
|     | Sig. (2-tailed)     | .000                | .000   | .000   |        | .000   | .000   |
|     | N                   | 209                 | 209    | 209    | 209    | 209    | 209    |
| THC | Pearson Correlation | .996**              | .865** | .902** | .742** | 1      | .912** |
|     | Sig. (2-tailed)     | .000                | .000   | .000   | .000   |        | .000   |
|     | N                   | 209                 | 209    | 209    | 209    | 209    | 209    |
| TLF | Pearson Correlation | .922**              | .830** | .888** | .690** | .912** | 1      |
|     | Sig. (2-tailed)     | .000                | .000   | .000   | .000   | .000   |        |
|     | N                   | 209                 | 209    | 209    | 209    | 209    | 209    |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

REGRESSION

/MISSING LISTWISE  
 /STATISTICS COEFF OUTS R ANOVA  
 /CRITERIA=PIN(.05) POUT(.10)  
 /NOORIGIN  
 /DEPENDENT TIS  
 /METHOD=ENTER TE TI TIF THC TLF.

**Regression**

**Variables Entered/Removed<sup>a</sup>**

| Model | Variables Entered                  | Variables Removed | Method |
|-------|------------------------------------|-------------------|--------|
| 1     | TLF, TIF, TE, TI, THC <sup>b</sup> | .                 | Enter  |

a. Dependent Variable: TIS

b. All requested variables entered.

**Model Summary**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .997 <sup>a</sup> | .995     | .995              | .0392459083<br>55733       |

a. Predictors: (Constant), TLF, TIF, TE, TI, THC

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F        | Sig.              |
|-------|------------|----------------|-----|-------------|----------|-------------------|
| 1     | Regression | 58.227         | 5   | 11.645      | 7560.732 | .000 <sup>b</sup> |
|       | Residual   | .313           | 203 | .002        |          |                   |
|       | Total      | 58.539         | 208 |             |          |                   |

a. Dependent Variable: TIS

b. Predictors: (Constant), TLF, TIF, TE, TI, THC

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|
|       |            | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant) | -.150                       | .025       |                           | -5.922 | .000 |
|       | TE         | .043                        | .012       | .042                      | 3.535  | .001 |
|       | TI         | .032                        | .014       | .033                      | 2.297  | .023 |
|       | TIF        | .009                        | .009       | .007                      | .946   | .345 |
|       | THC        | .902                        | .016       | .877                      | 56.787 | .000 |
|       | TLF        | .054                        | .014       | .053                      | 3.924  | .000 |

a. Dependent Variable: TIS

RELIABILITY

/VARIABLES=EF1 EF3 EF3\_A EF4 EF5 EF6 EF7 EF8

/SCALE('ALL VARIABLES') ALL

/MODEL=ALPHA.

## Reliability

### Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .961             | 8          |

RELIABILITY

/VARIABLES=I1 I3 I3\_A I4 I5 I6 I7

/SCALE('ALL VARIABLES') ALL

/MODEL=ALPHA.

### Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .971             | 7          |

RELIABILITY

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/MODEL=ALPHA.

### Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
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RELIABILITY

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/MODEL=ALPHA.

**Reliability**

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|------------------|------------|
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RELIABILITY

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/SCALE('ALL VARIABLES') ALL

/MODEL=ALPHA.

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|------------------|------------|
|------------------|------------|

|      |   |
|------|---|
| .948 | 7 |
|------|---|

RELIABILITY

/VARIABLES=IS1 IS2 IS3 IS4 IS5 IS6 IS7 IS8 IS9

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/MODEL=ALPHA.

**Reliability Statistics**

| Cronbach's<br>Alpha | N of Items |
|---------------------|------------|
| .961                | 9          |