

DETERMINANTS OF YOUTH UNEMPLOYMENT – A SUPPLY SIDE ANALYSIS**Syed Ali**Associate Professor of Economics
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INDIA**ABSTRACT**

The study was conducted in three, out of ten, provinces of Zambia, namely, Copperbelt, Luapula and Southern, which were developed, less developed and backward respectively. Since youth unemployment was prevailing in urban areas, towns/cities were selected for this study and the data were collected during September to November 2015. The main objective of this study was to find out the supply side determinants of youth unemployment like education, training, access to finance, job information in both formal and informal sectors. The study revealed that two-third unemployed youth studied up to secondary level and the average number of years of training was negligible, i.e., 0.15 years only and the period of youth unemployment was 3.6 years. Nearly half had ICT skills and access to internet. The main factors determining youth unemployment in the formal sector were lack of required qualification and training. In the informal sector three-fourth youth were willing to take up self-employment but due to lack of access to capital they could not start any economic activity. The study suggested that the employment and economic policies, at macro level, should create jobs and improve access to finance. Labour market training, apprenticeship and other work-experience programmes, job search assistance, employment services and measures to support young people who want to establish their own economic activity should be provided.

Keywords: Youth unemployment; Education; Training; Access to finance; Formal sector; Informal sector.

INTRODUCTION

The International Labour Organisation (ILO 2015a) has been emphasizing on youth employment for a long time now as part of its agenda to promote full productive employment and decent work for all. The global community has benefited from the significant investment in research on topics relevant to youth employment, development, skills development, empowerment, health, inclusion and leadership. Investment in youth matters for economic growth, health (Siegrist et al, 2011 and Robone et al (2008), civil unrest (Eurofound 2012 and ILO 2015) and personal levels of happiness and life satisfaction (Frey and Stutzer, 2002; Camfield, 2006). The global youth unemployment rate settled at 13.0 percent in 2014. The number of unemployed youth in 2014 was 73.3 million. The global youth unemployment rate has come down from 41.5 percent in 2004 to 36.7 percent in 2014. The number of unemployed youth declined by 3.3 million between 2009 and 2014, i.e., from 76.6 million to 73.3 million. Though it is a sign of improvement, two in five (42.6 percent) economically active youth are still either unemployed or working yet living in poverty (ILO, 2015b). Over 70 percent of Africa's young people subsist on less than US \$ 2 per day (OECD, 2012). The labor force in Sub-Saharan Africa is expected to grow by an additional 11 million people per year for the next 10 years – a reality that is linked to the fact that over 60 percent of the continent's population is under 24 years of age- the urgency of this issue quickly comes in to focus (Filmer and Fox, 2014). Africa is the continent with the world's highest share in the

working age population and the highest youth population growth rate (Pieters, 2013). The median age in Africa is 18 years, the youngest of all regions (Fox, et.al, 2013). Around 60 percent of the unemployed in Africa are estimated to be below the age of 30 years (Leavy and Smith, 2010) with youth unemployment twice as high as adult unemployment (Pye-Smith, 2012). If sufficient employment cannot be created, the large number of young unemployment are a source of concern. Pieters (2013), Namatovu, et.al (2012) and Blattman, et.al (2012) have raised concerns about political instability, social un-rest, crime and conflict. There is little youth-specific research on self employment in Africa (Pieters, 2013) and that most studies of youth employment have focused on rural areas (DIAL, 2007).

At the global level there has been a significant decrease in the youth labour force participation rate. Between 1991 and 2014 the youth labour force participation rate declined by 11.6 percentage points (from 59.0 to 47.3 percent). But in Sub-Saharan Africa there was no change in it , i.e., 54.3 percent during this period. The percentage of male has decreased from 58.6 percent to 56.6 percent but the percentage of female has increased from 50.1 percent to 52.1 percent. The global youth unemployment in 2015 was 73.4 millions (ILO, 2015c).

In Zambia, there is high youth unemployment, especially in urban areas where it is 40.4 percent for females and 35.6 percent for males (CSO, 2011). In Zambia, the youth unemployment rate is 14 percent and youth under employment is wide spread (ILO, 2012). The unemployment rate for youths in Zambia is higher than the rate for adults. Among all these groups: 20-24 year old have the highest unemployment rate (15.3 percent), followed by the 15-19 year olds (12.5 percent). The youth unemployment for the 15-19 age group is much higher in urban areas (33.3 percent) than in rural areas (5.8 percent). Among 20-24 year olds, 37.8 percent in urban areas compared to 5.2 percent in rural areas. It is important to find out the determinants of youth unemployment, especially in urban areas. This study aims to know the supply side factors responsible for youth unemployment.

Objectives of Study

The specific objectives of study are:

1. To find out the reasons for youth unemployment in both the formal and informal sectors.
2. To know the level of education, ICT skills and access to internet of unemployed youth.
3. To investigate the status of training of the unemployed youth.
4. To research the health conditions of the unemployed youth.
5. To compare the determinants of youth unemployment in different provinces.

LITERATURE REVIEW

An ILO study on youth employment coordination mechanisms in East Africa by Phororo (2013) highlighted that design and implementation approaches that have proven effective include: (i) mainstreaming of youth employment in broader national development plans and strategies, yet with explicit objectives and targets; (ii) clear indication of roles and responsibilities of different implementation partners in employment policies and action plans on youth employment; (iii) establishment of links between youth employment policy and other policies that affect youth employment outcomes; (iv) reflection of government commitments to youth employment in national budgets; and (v) setting up of monitoring and

evaluation mechanisms, not just the programmes but also for the budget allocations toward youth employment. A study by McKinsey (2014) based on a survey of over 2,000 employers in eight European countries emphasized that even tertiary degrees are no guarantee of employment when the area of specialization does not correspond to market needs and when the education system does not embed youth with important soft skills including a work ethic. FAO, ILO and the New Partnership for Africa's Development Planning and Co-ordinating Agency (NEPAD) are supporting the government to seize this triple win opportunity through a United Nations Joint Programme (UNJP) on Decent Jobs for youth and improved food security through the development of sustainable rural enterprises (Peter and Nicholas, 2014). Dercon (2011) suggests to use social protection schemes like conditional cash transfers to encourage training of young adults for eventual wage employment, rather than using cash transfers to allow rural households to overcome credit constraints and create non-farm enterprises.

Schoof (2006) examined a range of key constraints that impede young people in different countries, mostly in Sub-Saharan Africa, from starting a successful business, while also identifying incentives and measures to tackle those barriers. Entrepreneurial education, access to start up capital and business provider services were found among the key factors impeding youth entrepreneurship, alongside societal attitudes and a regulatory framework. The need for capacity building was underscored in the ILO Report by Chigunta, et.al (2005) which studied youth entrepreneurship in Eastern and Southern Africa. The policies to stimulate entrepreneurship were subsidies to start up and entrepreneurship training programmes. Among various constraints, access to credit has been well studied (Li, 1998; Aghion, et.al, 2007). In developing countries, lack of skills on the side of workers has been also recognized and covered (Brixiova, et.al, 2009) observed that youth unemployment mainly affects those without skills.

Sender, et.al. (2005) pointed out that the reason for high youth unemployment rates in Zambia is due to the socio-economic crisis of the past two decades and the increasing population that is producing an ever bigger youth labor force. Zuzana and Thierry (2013) examined obstacles faced by households and firms in meeting the youth employment challenge. It focused primarily on productivity, in agriculture, in nonfarm household enterprises and in the modern wage sector, because productivity is the key to higher earnings as well as to more stable, less vulnerable, livelihoods. The study identified specific areas where government intervention could reduce those obstacles to productivity for households and firms, leading to brighter employment prospects for youth.

Grayson Koyi, et.al (2012) analysed the youth unemployment challenge in Zambia and identified factors influencing the demand for youth labor in mining, construction and manufacturing sectors. The study identified gaps in skills and competencies, lack of work experience, lack of relevant previous jobs held, poor attitudes and behaviors of youths, the cost of in-house training or work based learning, the absence of functional labor market information system, the high cost domestic credit, rising operational costs associated with the price of energy and lack of fiscal incentives to support private sector's quest for improved youth labor demand as the major youth labor demand constraints. The study suggested for demand side measures aimed at stimulating the labor absorptive capacity of industry for youth employment creation in Zambia.

ILO (2011) recognized that in countries with a sizeable informal economy, the predominant source of vocational education and training is traditional or informal apprenticeship.

Upgrading informal apprenticeship can be done by: (i) improving the quality of training (e.g. enhancing the access of the master craftsperson and the apprentice to new skills, monitoring and quality assurance of training provision); (ii) addressing decent work deficits (strengthening gender equality in apprenticeship, extending the use of apprenticeship contracts that detail duration, working time and other conditions of work); (iii) improving the linkages with the formal system (e.g. including informal apprenticeship in national training system, recognition of skills acquired).

This study differs from the existing studies, while the existing studies concentrated on demand side of the problem of youth unemployment, this study is focused on supply side factors for youth unemployment and suggests policy measures.

METHODOLOGY

The study used multi stage random sampling technique to select the sample. In the first stage three provinces were identified – representing developed, medium developed and backward – out of 10 provinces in Zambia. In the second stage, Copperbelt, Luapula and Southern provinces were selected respectively. In the third stage, city/town was identified from these provinces and in the next stage, the unemployed youth was selected. In Copperbelt Province, 60 unemployed youth from Luanshya town, in Luapula Province 60 unemployed youth from Chipili town and in Southern Province 26 unemployed youth from Mwense town, thus a total of 135 unemployed youth were selected. The data were collected during September to November 2015 through serving the questionnaire and interview with the unemployed youth. The data were collected from those unemployed youth who were not working but willing and able to work. The study used UN definition of youth, i.e., those people aged between 15 and 24 years age. The Central Statistical Office in Zambia also adopted this definition of youth in its Labour Force Survey (CSO, 2011). The data were analysed using simple percentages and averages. The determinants of youth unemployment in both the formal and informal sectors were identified and policy recommendations were made for the solution of youth unemployment.

RESULTS

Gender of the Unemployed Youth:

Table 1 shows the gender of unemployed youth in different provinces:

Table 1. Gender of Unemployed Youth

Sl.No	Province	Male	Female	Total
1.	Copperbelt	30 (61.22)	19 (38.78)	49 (100)
2.	Luapula	36 (60)	24 (40)	60 (100)
3.	Southern	17 (65.38)	09 (34.62)	26 (100)
Total		83 (61.48)	52 (38.52)	135 (100)

Source: Primary data ; Figures in the parentheses are percentages

Out of 135 unemployed youth, the percentage of male and female were 61.48 and 38.52 respectively. The percentage of male was higher in Southern Province than in Copperbelt and Luapula Provinces, whereas, the percentage of female were higher in Luapula and Copperbelt Provinces than in Southern Province.

Period of Youth Unemployment

Table 2 shows the period of unemployment since they last studied.

Table 2 : Period of Youth Unemployment

Sl.No	Name of Province	Average Number of Years
1.	Copperbelt	3.5
2.	Luapula	3.4
3.	Southern	4.4
4.	Total	3.6

Source: Primary data

The average period of youth unemployment was 3.6 years. It was higher in Southern Province than in Copperbelt and Luapula Provinces, as it was a backward province. In Copperbelt and Luapula provinces it was 3.5 years and 3.4 years respectively.

Marital Status of Unemployed Youth

Table 3 shows marital status of the unemployed youth.

Table 3 : Marital Status of the Unemployed Youth

Sl.No.	Name of Province	Married	Unmarried	Divorced	Total	No. of Children
1.	Copperbelt	14 (28.57)	30 (61.22)	05 (10.21)	49 (100)	0.60
2.	Luapula	14 (23.33)	43 (71.66)	03 (5.01)	60 (100)	0.75
3.	Southern	08 (30.76)	14 (53.84)	04 (15.4)	26 (100)	1.36
	Total	36 (26.66)	87 (64.44)	12 (8.90)	135 (100)	0.8

Source: Primary data

Figures in parentheses are the percentages

Out of 135 unemployed youth, 26.66 percent were married, 64.44 percent were unmarried and 8.90 percent were divorced. The average number of children were 0.8. The percentage of married were higher in Southern Province than other provinces. The percentage of unmarried was higher in Copperbelt and Luapula than Southern Province. The average number of children in Southern Province was higher than in other provinces due to higher percentage of married.

Education

Table 4 shows the level of education of unemployed youth.

Table 4 : Level of Education of Unemployed Youth

Sl.No	Name of Province	Illiterate	Primary	Secondary	Tertiary
1.	Copperbelt	01(2.04)	12 (24.48)	36 (73.48)	-
2.	Luapula	01 (1.66)	32 (53.34)	27 (45)	-
3.	Southern	-	-	26 (100)	-
	Total	02 (1.48)	44 (32.60)	89 (65.92)	-

Source: Primary data

Figures in parentheses are the percentages

Out of 135 unemployed youth, 65.92 percent studied secondary level, 32.60 percent studied up to primary level and the illiterates were only 1.48 percent. All the unemployed youth in Southern Province studied up to secondary level. In Copperbelt and Luapula provinces it was 73.48 percent and 45 percent respectively. The youth unemployed studied up to primary level in Copperbelt and Luapula provinces were 24.48 and 53.34 percent respectively.

Training, ICT skills and Access to Internet

Table 5 shows training, ICT skills and access to internet of the unemployed youth

Table 5 : Training, ICT skills and Access to Internet of the Unemployed Youth

Sl.No.	Name of Province	Training (years)	ICT skills (%)	Access to Internet (%)
1.	Copperbelt	0.32	71.42	67.35
2.	Luapula	0.03	30.00	26.66
3.	Southern	0.11	46.15	34.62
	Total	0.15	48.14	42.96

Source: Primary data; Figures in the parentheses are percentages

The average number of years of training was only 0.15 years but less than half of the unemployed youth had ICT skills and access to internet. The highest number of years of training was found in Copperbelt and the lowest was in Luapula. In Southern Province it was 0.11 years. Copperbelt province being the developed one, 71.42 percent had ICT skills and 67.35 percent had access to internet. The training provided in Copperbelt province was higher than in other two provinces.

Reasons For Unemployment in Formal Sector

Table 6 shows the reasons for unemployment in formal sector.

Table 6: Reasons for Unemployment in Formal Sector

S.No	Reasons	Copperbelt	Luapula	Southern
1.	Lack of required qualification	22 (44.9)	47 (78.33)	11 (42.30)
2.	Lack of training	10 (20.4)	33 (55.0)	18 (69.23)
3.	Lack of experience	08 (16.32)	21 (35.0)	05 (19.23)
4.	Lack of job information	03 (6.12)	18 (30.0)	03 (11.53)
5.	Higher costs of getting job	04 (8.16)	11 (18.33)	07 (26.93)

Source: Primary data; Figures in the parentheses are percentages

Lack of required qualifications and training were the main reasons for not getting employment in the formal sector. In Copperbelt 44.9 percent, in Luapula 78.33 percent and in Southern province 42.30 percent reported that they were unable to get employment in the formal sector due to lack of required qualifications and 20.4 percent, 55 percent and 69.23 percent due to lack of training respectively.

Reasons for Unemployment in Informal Sector

Table 7 shows the reasons for unemployment in the informal sector

Table 7: Reasons for Unemployment in Informal Sector

Sl.No	Details	Copperbelt	Luapula	Southern	Total
1.	Willing to take up self-employment	36 (73.46)	42 (70.0)	20 (76.92)	98 (72.59)
2.	No access to capital	47 (95.91)	42 (70.0)	26 (100.0)	115 (85.18)
3.	Not approached any financial institution	47 (95.91)	50 (83.33)	25 (96.5)	122 (90.37)
4.	Unable to provide collateral	40 (81.6)	50 (83.3)	26 (100.0)	116 (85.92)

Source: Primary data; Figures in parentheses are the percentages

Out of 135 unemployed youth, 98 (72.59%) were willing to take up self employment. There was no access to capital to 85.15 percent, 90.37 percent did not approach any financial institution for loan and 85.92 persons were unable to provide collateral.

DISCUSSION

The results of study show that the percentage of male unemployed youth was more than the female in all the Provinces under study. The female youth unemployment was higher in Luapula and Copperbelt provinces than in Southern province. Whereas, male youth unemployment was more in Southern Province than in Copperbelt and Luapula provinces. The average period of unemployment after completion of studies was 3.6 years. It was more in Southern Province than in Copperbelt and Luapula provinces due to backwardness. The percentage of unmarried youth was higher than the married. It was 64.44 percent and 26.66 percent respectively. The average number of children was 0.8. In Southern province the number of children was more than in Copperbelt and Luapula provinces. 65.92 percent youth studied up to secondary level and 32.59 percent up to primary level and the illiterates were negligible, i.e., 1.48 percent. The average number of years of training was 0.15 years only. It was higher in Copperbelt province than in Southern and Luapula provinces. Nearly half of the youth (48.14%) had ICT skills and access to internet (42.96%). The ICT skills and access to internet were higher in Copperbelt province due to its higher development than in other provinces.

The main reasons for youth unemployment in the formal sector were lack of required qualification and training. In the informal sector 72.59 percent youth were willing to take up self-employment but due to lack of access to capital they could not start any economic activity. These results support the findings of studies by Grayson Koyi, et.al (2012), Chigunta, et.al (2005). The other reasons were lack of work experience, non availability of job information and also inability to bear the costs of getting job.

Though the unemployed youth had the knowledge of self-employment and willing to start economic activity, they were not having access to capital due to lack of collateral. These results support the findings of studies by Li., Aghion, et.al (2007) and Schoof (2006).

CONCLUSIONS

The conclusions that emerge from the foregoing analysis are as follows:

1. The employment and economic policies, at macro level, should lead to job creation of youth and improve their access to finance. There is need for interaction of macro economic policies, labour and employment policies and interventions targeting unemployed youth.
2. Education and training facilities should be provided to facilitate the school-to-work transition and there is need to provide employable skills.
3. The labour market policies should be targeted to consider the employment of disadvantaged youth by providing employable skills that match labour demand.
4. To provide self-employment, the unemployed youth should be given training in the skills like carpentry, brick laying, electrical, etc. and credit facilities should be provided through banks and micro finance institutions.
5. Labour market training, apprenticeships and other work experience programmes, job search assistance, employment services and measures to support unemployed youth who want to establish self employment.

6. At Secondary education level, at least one skill learning should be made compulsory so that after completion of study they could take up self employment.

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