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Determinants of Youth unemployment in Developing Countries: Evidences from Tanzania

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Abstract
The aim of the study was to examine the factors which determine youth unemployment in Tanzania and suggest way forward towards reduction of the problem. The study uses Multinomial logistic regression model (MLM) to analyze the determinants of unemployment in Tanzania. The findings of the study show that gender, geographical location, education, skills and marital status are all significant factors in explaining the difference in youth employment status in Tanzania. From the findings the study several recommendations are made, first, the government and policy makers should review job market laws and regulation in order to promote a smooth transition of youth from education to job market. The government should create specific interventions especially in the creation of more formal jobs and strengthening job market regulation relating to youth people to ensure that all youth with education or skills realize their investments in education and contribute to the country development. The study also recommends that the government and policy makers should strengthen the laws and regulation relating to gender balance in the job market in order to give equal chance to the youth with the same level of skills or education.
Keywords: Youth unemployment, Developing countries, Tanzania

1. Introduction

Youth is undeniably among the most important formidable force and resource a country can have in order to boost its social economic development. In addition of being large in number, the youth are energetic, courageous and poses new ideas that can make changes to the social economic development if they are well coordinated and involved in economic activities of the country. Regardless such importance youth have been faced with many challenges one of them being unemployment problem. Youth unemployment is among the major challenges facing both developed and developing countries in the world. The problem of youth unemployment is more critical to developing countries due to the high poverty levels requiring all people to work in order to ensure survival (ILO, 2011). According to international labor organization's statistics, global youth unemployment has increased by 3.4 million from 2007 to 2012 and is expected to continue increasing in the future. Statistics also show that the number of employed youth has declined by 22.9 million in 2012 as compared to 2008 statistics despite the growth of the youth population by 12 million for the same period (ILO, 2013a, b). The problem of youth unemployment has become a threat to the social, economic and political stability in most developing countries. Economically youth unemployment has led to the labor market instability, increased of welfare costs, erosion of the tax base and unused investments in education and trainings (ILO, 2011). Socially, youth unemployment is not only of concern to the unemployed ones but also to the society and family members. It is the expectation of most youth people to find employment, especially after completion of their education. Failure to find employment results into demoralization, depreciation in their human capital and deterioration in their employment prospects which leads to social exclusion (Clark & Summers 1982). Evidences have revealed that youth unemployment results in malnutrition, mental illness and loss of self-confidence resulting in depression. It is also associated with high stress leading to persons committing suicide and poor physical health and heart attack in later life (Sum et al, 2002). Youth unemployment also brings stress to the societies and families which after high investment in the youth education they expect them to be employed and hence contribute to the family and society growth. There are also cases of youth people who cannot find employments to engage in criminal activities, drug addiction and prostitutions which take them away from normal labor markets. In African continent youth unemployment has highly contributed to most of youth to engage in crime and violence and has fueled the high prevalence of civil conflicts in the region (Naittras, 2002b). Youth unemployment has also contributed to the increases in international legal and illegal migration with a notion that it will enable them to get decent employment as well as better life.

Youth unemployment in Tanzania is among the major challenges not only to the government and policy makers but also to the society and families. With high poverty rates in the country most of the families have high expectation of their children to find jobs and contribute to the family development. According to the ILO (2006) most of young people in the country are facing many difficulties when it comes to their integration into the labor market when searching for decent and productive jobs. Statistics show that 33% of the total population of the

country is youth people, which also make 68% of the total active labor force (NBS-ILFS, 2010). The youth unemployment problem in the country is characterized by lack of employment opportunities in both urban and rural areas which results in underutilization of the majority of the labor force. According to the labor force survey, the unemployment rate in Tanzania was 12.9% in 2001 and reduced to 11% in 2006 with the expectation of declining to 10.7% in 2011 (NBS-ILFS, 2010). Statistics presented by national integrated labor survey on youth unemployment show that 13.36 % of the youth were unemployed in 2001 and has grown to 14.9% in 2006. Studies in the country have shown that youth unemployment resulted in economic, social and environmental problems (Mjema 1997, Bagachwa 1991, Luvanga 1994). Most of these studies have focused on the outcome of youth unemployment and their impact on the country's economy, society, families and individuals as well. So far, we didn't find any recent study which goes a step further to investigate the causes of youth unemployment given the changes in economic, social, environmental and political context in the country. This study seeks to examine the determinants of youth unemployment in the country and suggest the possible ways of tackling the problem to ensure country development. The information on the determinants of youth unemployment is very important to the government and policy maker for filling the policy gaps relating to country employments and in addressing the issue of unemployment. The results of the study are also important to the employers and other labor market players, for understanding the source of problems resulting in unemployment of youth which account for a large share of the Tanzanian labor force. On the other hand, the study provides information to the youth themselves in the country to understand the causes of unemployment and the possible ways to overcome it. The study also adds to the literature by filling the knowledge gaps on the roots of youth unemployment and how the problem can possibly be addressed in the country.

2. Literature Review

Unemployment is a multidimensional concept which involves economic, politic and social dimensions. It is a difficult concept to define and measure since it depends on the economy of the areas, social settings, culture and education system. According to the international labor organization, unemployment refer to those people who have not worked more than one hour during the short reference period but who are available for and actively seeking work (O'Higgins, 1997). According to the literature, the problem of unemployment is higher among the youth as compared to the adult population in both developed and developing countries. Factors such as lack of experiences and skills, skills mismatch and low school leaving age have been said to contribute to the high youth unemployment compared to the adult population (Adams, 1997; Godfrey, 2003). According to the definition of youth provided by the United Nations a youth is person with age between 15 to 24 years. However, the definition of youth varies from one country to another depending on the customs, traditions, social behavior and location (URT, 1995). In most of the developing countries the age 15 to 24 is school age where most of the youth are still gaining knowledge necessary for the labor market.

Youth employment has high advantages to both the business firm growth, community and country growth as well. Youth people although lack job experience they are fast learner and can coup easily with the standards of the firms. They are hardworking people with good health which enable them to work for a longer time than the adults. They also have longer payback on the investment as they can stay for longer period in the business firms compared to adult employees (ILO, 2011). According to Passarides (1986) the opportunity cost of hiring and firing youth people is lower than the adult's people. It is therefore important for the business firm to have a good proportional of youth and adult employees especially during recession period where firms need to reduce their manpower. To the country growth, youth employment results into increased aggregate demand as well as increases in capital formation. According to ILO (2011), youth people are likely to spend a higher percentage of their income on goods and services which boost the country aggregate demand. On the other hand, employed youth who receive higher salaries make saving and invest or deposit them in banks. This results in increases in the pool of capital which can be made available for entrepreneurs who seek to start business or financing SMEs which boost country economic development. According to Levine (2011) there is positive relationship between employment rates with country economic development. When the employed labor is fully utilized output can only grow by adding more workers. Since youth people take a larger percent of the country's population in the World, they present the human resources available for the increases in the production. Youth employment is also very important to the society and families especially in developing countries. Society and families invest a lot funds in youth education, expecting them to be productive after completion of education. Youth employment reduces the care burden to the families enabling them to engage in other development activities. Youth employment also facilitates poverty reduction among the families as the employed youth take part in helping the family to overcome poverty constraints. Youth employment reduces the social costs within the societies, reduces violence, criminal activities, drug addiction as well as prostitution which reduce social costs in the country (McLean Hilker & Fraser, 2009).

What causes high youth unemployment has been a major concern to both policy makers, development partners,

scholars and other development stakeholders. Several factors such as economic, social, political and environmental factors have been related to the youth unemployment in several studies. According to Contini (2010) youth unemployment is a function of the economic condition of a country, labor market and labor policies. A country with high economic development is likely to create more jobs due to output increases which require additional labor force. According to ILO (2006) a well-designed labor market regulations in the country are very important in building efficient and nondiscriminatory labor system. Such system is better off in the production of employment to both the youth and adult population of the country. Employment registration such as employment protection registration and minimum wage policy affects most of youth which seeks decent work after obtaining a certain level of qualification. The youth unemployment problem has also been linked with educational background and qualification possessed by the young people as compared to the qualification needed in the labor market. There has been a skill mismatch between the youth and the labor market which increases the problem of youth unemployment (Dimian, 2011; OECD, 2005). According to ILO (2011) youth unemployment is related to low school leaving age and microeconomics and business environment. When the minimum age at which a person is legally allowed to leave compulsory education does not match with the minimum allowed full time employment age youth unemployment problem increases. On the other hand, country with low economic activities where business environment does not support the easy startup of business make a high contribution to the youth unemployment. Youth unemployment has also been related to family background (Pozzoli, 2009), country aggregate demand (O'Higgins, 1997), experience gap (Caroleo & Pastore, 2007) as well as demographic related factors (Green et al, 2001).

Previous studies on youth unemployment rate around the globe have provided significant evidence on the magnitude of the youth unemployment problem. The study by Dimian (2011) investigated the determinants of youth labor market performance and their influences on the future economic and social development of the CEE countries. The study reported that youth unemployment has negative impact to country's gross domestic product (GDP). The study also reported that unemployment benefit, tax wage on labor cost has impact to youth unemployment. The study also found that, countries with high rate of youth employed in agriculture have a lower youth unemployment problem. According to ILO (2008) on global employment trends for youth, poverty and lack of decent employments was among the major challenges facing most of youth in East Asia and African region. The estimates indicated that among five youth people only one youth was employed and the life standard was on average below 1USD while some of the employed youth were unpaid or low paid. The report indicated that most of the youth people were constrained with limited education, skills and experience that did not support them to penetrate in the labor market and improve their human capital. The evidence by UNICEF (2005) indicated that in most developing countries youth people are not completing secondary education or other vocational training, as a result most of them are vulnerable to engage in activities such as drug abuse, alcohol, unsafe sex and crime which not only make them unproductive.

Other empirical evidences on youth unemployment include the study by Dimitrov (2012) which examined youth unemployment in Bulgaria. The study reported that youth employment problem was high in the country and factors such as early school leaving age, low education quality and business cycle were the key determinants of youth unemployment. The study also found that social status and family background have great impact on youth unemployment. If parents or one of the parents are unemployed, inactive, have low education, illiterate, without skills and qualification, live in poverty, belong to particular ethnic groups are likely to duplicate the same to the youth people. The study by Bruno & Cazes (1998) presented an overview of French youth unemployment. The findings of the study indicated high unemployment rate among the youth in French as a result of labor market condition linked to economic activity level. The study also reported that high labor cost, youth to adult unfavorable job competition, lack of qualification, unsupportive wage system and unsustainable training have high contribution to youth unemployment in the country. A comparative study of youth unemployment in Germany and United Kingdom also provide evidence of high youth unemployment rates. The study concluded that gender, education and experience are the key individual risks which contribute to youth unemployment. The study reported that female youth were at disadvantage to acquire jobs in Germany while males were at the disadvantage side in United Kingdom (Isengard, 2003). Likewise, the study Awogbenle & Iwuamandi (2010) examined the constraints that impede young people in search of non-existing jobs in Nigeria. The study reported that facilitating self-employment, bringing alienated and marginalized youth back into the main economic stream, facilitating skills and experience development and promoting innovations are some of the possible solutions to the youth unemployment problem in the country. The study by Klasen & Woolard (2005) also examined the problems of youth unemployment in South Africa. The study reported that household formation response of the unemployment is the critical way unemployed youth can get access to resources. The authors noted that the youth unemployment problem delays young people in the establishment of their own households.

Studies on youth unemployment in Tanzania have reported almost similar factors which have been reported as the causes of high youth unemployment in other countries particularly in Sub Saharan. The study by Mjema,

(1997), on youth unemployment in Tanzania reported that factors such as education system, lack of skills in business training, inadequate credit facilities, emphasis on formal sector alone, non-attractive agricultural sectors, gender imbalance and inadequate information were the key determinants of youth unemployment. Likewise, the study by Bagachwa (1991) and Luvanga (1994) provides the potential of the informal sector in the creation of employment opportunities for youth people in the country. These studies are among the important studies on youth unemployment in the country but they are both outdated. There have been several reforms in the country's economy, social and environment which came with inactions of different laws and regulations regarding employment, education systems as well as financing. The financial sector reforms for example have resulted into more availability of financing from informal and semi-formal sector such as microfinance institutions and regional cooperative banks. The study by Samji et al (2009) evaluated the energy jobs and skills in Mtwara Tanzania. The findings of the study indicated high labor shortages of electricians and high potential shortage in the future as the electricity grid expands. The study provides evidence of the skills gap, especially among the youth people in the country which increases the problems of youth unemployment. The finding of the study highlights that the higher youth unemployment rate in the country does not always mean the absence of jobs but the ability of youth to acquire the available jobs. The study by Mpanju (2012) on the other hand analyses the impact of foreign direct investment inflows on employment creation in Tanzania. Among the key findings of the study was that foreign direct investment inflows have high impact on employment creation in Tanzania. With such findings it implies that the country should create a good environment to attract foreign direct investment in the country, but is this feasible solution? Among the key factor on youth unemployment indicator in the previous studies was a skills mismatch among most of the youth. To what extent does foreign direct investment inflow employ the local population especially youth people is still a challenge. Due to their low skill and skills mismatch it likely that most of youth finds it difficult to acquire jobs in such areas. The youth population is of high concern in the country; given country's poverty level youth unemployment intensifies the problems especially in the rural areas. Youth unemployment also results into more involved in drug abuse, criminal activities, prostitution and illegal activities in the country. What factor contribute to youth unemployment given the current economic and social country context is very important to the government, policy makers, development partners, society and other stakeholders. This study seeks to find new evidences on the determinants of youth employment in the country and suggests the possible ways to tackle the problem. The evidences provided by this study will be useful for policy formulation and other intervention on youth unemployment in order to reduce the magnitude of the problem for country economic development and meeting of millennium goals on poverty reduction.

3. Methodology and Data

This paper seeks to examine the factors which determine youth unemployment in Tanzania. The paper uses the multinomial logistic regression model (MNL) which generalizes logistic regression by allowing more than two discrete outcomes. The multinomial logistic model predicts the probabilities of the different possible outcomes of a categorically distributed dependent variable, given a set of independent variables. This model is used when there are more than two categories and the dependent variable is nominal /categorical, that is the dependent variable falls into any one of a set of categories which cannot be ordered in any meaningful way (Greene, 2003). The choice of the model based on its relevance in handling categorical data and its frequency usage in studies related to labor market problems. The general model of Multinomial logistic analysis is specified as follows;

$$\Pr(Y_i = c) = \frac{e^{\beta_c . X_i}}{\sum_{k=1}^{K} e^{\beta_k . X_i}}$$

Where: Y_t is the dependent variable over which the probability distribution is defined, X_t indicating the set of explanatory variables of the model, β is a regression coefficient, K is the number of possible outcomes.

The dependent variable of the model is the youth employment status in Tanzania. The study adopts both the international accepted definition of youth as a person with the age between 15- 24 years and national definition of youth as a person with age between 15 -34 years. According to the labor force survey in Tanzania employment status of youth is categorized into three categories, employed, unemployed and inactive. This represents the possible outcome in the study model which seeks to examine the probability of youth being either employed, unemployed or inactive given several demographic characteristics. According to ILFS (2006) employed status in Tanzania included paid employees, self-employed people outside traditional agriculture, unpaid family helpers and traditional agriculture workers. The first two categories make the formal youth employment category while the last two makes informal youth employment category. For the purpose of this study both formal and informal employment categories are used to represent employed youth but we limit informal category to traditional agriculture workers. Although informal employment in Tanzania (Unpaid family

helpers and traditional agriculture) accounts for more than 80% of the country economic activities, the inclusion of this category in the labor market analysis has been under debate (Wamuthenya, 2010). This is due to the nature, size and output of informal sector employment especially in developing countries like Tanzania where agriculture is characterized by small scale peasant farming. This study includes traditional agriculture as part of informal employment but excludes unpaid family helpers which in real sense do not reflect the employment. This study adopts International Labor Organization's definition of unemployment which refers to those people who have not worked more than one hour during the short reference period but who are available for and actively seeking work (O'Higgins, 1997). We also define inactive youth as those who are neither employed nor unemployed in the reference period such as those doing solely domestic work in their own houses, engaged in full time studies, sick, retired or did not want to work (ILFS, 2006).

Table 1: Summary Statistics of youth (International definition)

Case Processing Summary			
		N	Marginal Percentage
Current Economic Activity	Employed	3643449.337	66.8%
	Unemployed	691359.801	12.7%
	Inactive	1123312.662	20.6%
Sex	Male	2626267.874	48.1%
	Female	2831853.925	51.9%
Geographic area/Location	Urban	1806846.240	33.1%
	Rural	3651275.559	66.9%
Education with skills	Without Skills	5442685.238	99.7%
	With skills	15436.561	0.3%
Marital status	Single	4179694.173	76.6%
	Married	1189672.196	21.8%
	Widowed	8227.526	.2%
	Divorced/Separate	80527.903	1.5%
Education Level	Primary Not Completed	1779906.147	32.6%
	Primary Completed	2862795.014	52.5%
	Secondary and above	815420.638	14.9%
Total		5458121.799	100.0%

Source: NBS ILFS (2006)

The explanatory variables (Independent variables) of the model include education level, skills, gender, location and marital status. All the data used in this study were extracted from Tanzania Integrated labor force survey (ILFS) of 2006 which stand to be the current available labor force statistics as the 2011 survey was not conducted. According to ILFS, (2006), 66.8% of the youth are employed in both formal and informal employment sectors, 12.7% are unemployed and 20.6% are inactive. Statistics show that among the active youth 48.1% are male and 51.9% are female while 33.1% of active youth live in urban area and 66.9% live in rural area. Statistics on youth skills show that only 0.3% of youth possess skills from professional training while 99.7% of youth does not possess and professional skills. On education level, statistics show that 32.6% of youth did not complete primary education, 52.5% completed primary education only while 14.9% completed primary education and proceeded with high education.

4. Results and Discussion

The analysis of the determinant factors of youth unemployment in Tanzania was conducted using the international definition of youth people in order to enable comparison and benchmarking with youth employment studies in other countries. Using Multinomial logistic model (MLM) we set employed category as the reference point/preference group and we estimate the probability of youth of particular characteristics to be either unemployed or inactive as compared to being employed.

We first analyzed whether the independent variables in our model have a significant relationship to the dependent variable. This was necessary for determining the ability of the model to predict the dependent variable accurately. From the initial model without independent variables, a total of five independent variables were added (sex, location, marital status, education, skills) to the model and a test of whether the added independent variables resulted into the model improvements was conducted using a Chi Square test. The test results shows the presence of significant statistical relationship between dependent variable and a set of independent variable with Chi square of 1831095.032, 16 degree of freedom and 5% level of significance (Table 2). The test results imply that the independent variables added to the model have a relationship to the dependent variable hence they contribute to the reduction of error in the model and can accurately predict the dependent variable of the model

which is the youth employment status.

Table 2: Model Testing

Model Fitting Information				
	Model Fitting Criteria	Likelihood Ratio Tests		
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	1969244.889			
Final	138149.857	1831095.032	16	.000

Apart from the overall contribution of the set of independent variables to the model we also tested for the contribution of each independent variable to the overall relationship between the dependent variable and individual independent variable. All five independent variable of the study were tested to their contribution to the reduction in error in MLM measured by-2log likelihood statistics. The likelihood ratio tests result indicates that all five independent variables (sex, location, skills, marital status and education were all significant factors at 5% level of significance (Table 3). This implies that all five independent variable were significant variables in explaining the difference in youth employment status in the study model and their involvement in the model contributes to the reduction in error.

Table 3: Variable Testing

Likelihood Ratio Tests				
	Model Fitting Criteria	Likelihood Ratio Tests		
Effect	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	138149.857	.000	0	.
Sex	162891.887	24742.030	2	.000
Location/Geographical area	519190.504	381040.646	2	.000
Education with/without skills	139974.134	1824.277	2	.000
Marital status	281541.181	143391.324	6	.000
Level of education	1096000.932	957851.074	4	.000

The test results of the determinants of youth unemployment in Tanzania indicate two MLM equations, the first equation distinguishes variable that has a statistically significant relationship in distinguishing youth people who are unemployed from those who are employed. The second equation distinguishes variables that have a statistically significant relationship to distinguish inactive youth people from employed youth people. From table 4 below, the variables that have a statistically significant relationship to distinguish unemployed youth from employed youth were sex (male), location (urban), skills (youth without skills), marital status (single, married, widowed) and education level (primary not completed, primary completed). In distinguishing between inactive youth from employed youth the same variables as in unemployed category were statistically significant except for marital status where only single and married variables were statistically significant.

Table 4: Parameter Estimates

AGED 15-24 with reference to employed(standard or international definition of youth)							
Current Economic Activity Status (Reference group "Employed")		B	Std. Error	Wald	df	Sig.	Exp(B)
Unemployed	Intercept	-2.126	0.03	5019.071	1	0	
	Male	-0.045	0.003	234.753	1	0	0.956
	Female	0[b]	.	.	0	.	.
	Urban	1.61	0.003	310468.04	1	0	5.003
	Rural	0[b]	.	.	0	.	.
	without skills	-0.266	0.027	95.494	1	0	0.767
	with skills	0[b]	.	.	0	.	.
	Single	0.514	0.013	1555.71	1	0	1.671
	Married	0.47	0.013	1281.35	1	0	1.6
	Widowed	0.223	0.036	38.629	1	0	1.25
	Separated/Divorced	0[b]	.	.	0	.	.
	Primary not completed	-0.788	0.005	26536.787	1	0	0.455
	Primary completed	-0.431	0.004	12481.892	1	0	0.65
	Secondary and above	0[b]	.	.	0	.	.
Inactive	Intercept	-0.598	0.025	557.127	1	0	
	Male	-0.395	0.003	24315.301	1	0	0.674
	Female	0[b]	.	.	0	.	.
	Urban	0.942	0.003	111725.35	1	0	2.565
	Rural	0[b]	.	.	0	.	.
	without skills	-0.789	0.02	1560.896	1	0	0.454
	with skills	0[b]	.	.	0	.	.
	Single	1.148	0.016	5340.039	1	0	3.151
	Married	-0.611	0.017	1364.155	1	0	0.543
	Widowed	-25.824	0	.	1	.	0
	Separated/Divorced	0[b]	.	.	0	.	.
	Primary not completed	0.024	0.003	53.484	1	0	1.024
	Primary completed	-2.664	0.004	416050.93	1	0	0.07
	Secondary and above	0[b]	.	.	0	.	.

Analyzing the role of each independent variable in differentiating between unemployed youth from employed youth we find that all five independent variables of the model play a significant role. The results show that being a male made a youth person in Tanzania about 4% less likely to be unemployed over being employed. This indicates that male youth have high chance being employed over being unemployed as compared to female youth persons. These results were consistent with the findings presented in previous studies such as Isengard (2003) in Germany and Mlatsheni &Rospabe (2002) which also reported that gender was among the key factor for youth unemployment. These studies also support the findings that women youth were discriminated hence male youth had a high chance of being employed than female youth. The results on the impact of youth location on their employment status show that living in urban areas made the youth person about five times more likely to be unemployed over being employed. This indicates that it is easy for youth people to be employed in rural areas than in urban areas of Tanzania especially in agriculture sector due to the informal nature of employment in rural areas. In Urban areas youth are more constrained formal employment requirements such as education, skills and experience which most of them do not have. The results were consistent with by Mpanju (2012) in the country which also indicated that the unemployment rate was higher in rural areas than in urban areas of Tanzania.

The results also show that being a youth without skills made a youth person in Tanzania about 23% less likely to be unemployed over being employed. This implies that youth people without skills are more likely to be employed that skilled youth. Given the country education system skills are acquired either in vocational training colleges or at higher education such as universities and colleges. The youth person who has only completed primary education or secondary education does not possess any skills required in the job market, hence they engage in informal employment. For the skilled youth, market competition for the job, experiences and their preferences for formal employment make them more likely to be unemployed over being employed. The findings of the study were consistent with previous findings such as Isengard (2003) in Germany, Awogbenle &

Iwuamandi (2010) in Nigeria, Mlatshani & Rospabe (2002) in South Africa, Bruno and Cazes (1998) in France which all indicated that skills was an important determinant factor in both formal and informal employment. The findings on the impact of skills in the likeliness of youth to be employed or not was also supported by the findings on the impact of education level on the youth employment status. The results of the study show that the youth who have completed primary education are 35% less likely to be unemployed compared to being employed while a youth person who has not completed primary education is 55% less likely to be unemployed as compared to being employed. This indicates that their high change for the youth without primary education to employed that those who have completed primary education as a results of most of population engaging in informal employment which is less favored by youth with education. The findings on the impact of education level supports the finding by UNICEF (2002) which indicate that most of the youth do not complete secondary education or vocational education hence are constrained in acquiring formal employments.

The results on role of marital status in differentiating youth person employment status show that being a single, married or widowed increased the likelihood that the youth person would be unemployed over being employed by about 67%, 60% and 25% respectively. This is explained by the fact that the standard definition of the youth lies in the age between 15 to 24 years and most of the youth with such age in the country are still engaged in education hence single and unemployed. For the married and widowed youth especially for female ones are likely not to be employed as they stay at home and take care for the family.

The findings on the second equation in MLM indicate the role of each independent variable in the model in differentiating between inactive youth from employed youth. The results show that male youth are 32.6% less likely to be inactive over being employed. This indicates that the chances are high for female youth to be inactive over being employed Tanzania while male youth have high change of being employed rather than being inactive. The results on geographical location show that a youth person who lives in urban area is about 2.6 more likely to unemployed over being employed. Like in the first MLM equation, the youth people are more likely to be employed in rural areas where informal employment prevail more that formal employment. Likewise the results on skills level of the youth people show that youth without skills are about 54% less likely to be unemployed over being employed. The results also show that youth person who is single is about 3 times more likely to be inactive over being employed while married youth are about 46% less likely to be inactive over being employed. This is due to the fact that married youth have more responsibilities of taking care of the family which require them to work while most of single youth still depend on the parents hence less motivated to be employed.

5. Conclusion and Recommendations

The aim of the study was to examine the factors which determine youth unemployment in Tanzania and suggest way forward towards reduction of the problem. The study uses Multinomial logistic regression model (MLM) to analyze the determinants of unemployment in Tanzania. The dependent variable of the study was youth unemployment status which was categorized into three categories employed, unemployed and inactive youth. The study used secondary data provided by the National Bureau of statistics integrated labor force survey of 2006 which so far is the most current survey.

From the findings of the study the study concludes that gender, geographical location, education, skills and marital status are all significant factors in explaining the difference in youth employment status in Tanzania. The findings of the study show that gender is significant determinant of unemployment and male youth stand a high chance of being employed over being unemployed as compared to female youth. Geographical location of the youth people was found be significant factor in which youth people who are living in urban areas were found to five times more likely to be unemployed over being employed. The results on youth education status show that both youth who have not completed primary education and those who have completed primary education but did not continue with further studies less likely to be unemployed over being employed due to their engagement in informal employment activities. The results on education were supported by the results on impact of skills on youth employment status where unskilled youth were found to be about 2.3 less likely to unemployed over being employed. The study findings also indicates that marital status was significant determinant factor where single and married youth were found to have high likelihood of being unemployed over being employed as compared to widowed, separated or divorced youth.

From the findings the study several recommendation are made, first, the government and policy makers should review job market laws and regulation in order to promote smooth transition of youth from education to job market. The findings of the study show that skilled youth and those with more that primary school education are likely to be unemployed over being employed. It is important for the government to create specific interventions especially in the creation of more formal jobs and strengthening job market regulation relating to youth people to ensure that all youth with education or skills realize their investments in education and contribute to the country development. The findings of the study also show that gender imbalance is a problem in the job market, the

results indicates that male youth are at the advantage side to be employed over being unemployed. The government and policy makers should strengthen the laws and regulation relating to gender balance in the job market in order to give equal chance to the youth with the same level of skills or education. The study also recommends that the government should facilitate formalization of informal employment sector in order to motivate more youth to engage in different activities which are currently considered to be informal. This will help to reduce the problem of youth unemployment especially on skilled and educated youth in both urban and rural areas. To the national board of statistics (NBS) the study recommends that they should improve on their data collection and categorization on youth people in Tanzania. So far some of the data presented by integrated labor force survey are very general such as education level which does not give details on youth with secondary, college or university education.

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