

Full Length Research

Factors Influencing Youth Employability in SMEs in Tanzania: A Case of SMEs in Ilala District

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The gist of the study was to find out the factors that influence youth employability in SMEs in Tanzania. Specifically, the study examined the reasons for being employed in the SMEs; assessed whether the employment to SMEs reduces poverty among the youth; found out the skills/professions that are required mostly in SMEs; and identified the challenges faced by youth in getting jobs in SMEs. The study employed logit model from 120 respondents. The results from logit model show that about 29 percent of young people who are employed in SMEs are doing that in order to get income, and 24 percent wanted to have a good future. About 21 percent of employers agreed that, employees who are ready to take instructions from employers, are creative and knowledgeable, and are willing to work, are likely to be employed. About 25 percent of employees enjoy the salary they get from employment, 23 percent enjoy the benefits from employment and about 22 percent were able to start their own business from the salary proceeds. Therefore, about 23 percent of employers called for the saving culture among the youth in order to reduce poverty, while 22 percent suggested more knowledge about poverty, as 21 percent emphasized the training of youths about the conduct of SMEs, with a view to reducing youth unemployment, and eventually alleviating poverty in the country. It is suggested that; a similar study should be conducted to investigate factors influencing youth employability in other non-SMEs since the challenges facing youth employability are not limited to SMEs.

Keywords: SMEs in Tanzania, youth employability in SMEs in Tanzania, employment, Employability Skills

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INTRODUCTION

Employability begins with literacy (ILO,2007). Youth employability¹ in small and medium. Enterprises (SMEs)²

is the discussion in today's world, whereby majority of the young people have the tasks for acquiring formal

¹Employability comprise of Education, vocational training, core skills (including literacy and numeracy), labour market services, work experience and awareness of labour rights and occupational health and safety are essential components of a comprehensive policy to enhance the employability of young people. Moreover, very few definitions in use, or associated measures explicitly identify employability as being equipped for a job (Harvey, 2001).

²SME has no standard definition. SMEs have been identified differently by various individuals and organizations, such that an enterprise that is considered small and medium in one country is viewed differently in another country. Even within a country, the definition changes over time. Some common indicators employed in the various definitions include total assets, size of the labor force employed, and annual turnover and capital investments (Baenol, 1994).

employment among SMEs in Tanzania. This is due to the fact many people lack the necessary education and relevant training for good, productive jobs, and there are too many unproductive jobs with poor remuneration. Therefore, reducing youth unemployment is one of the major challenges facing most country's governments in the world.

The youth age, which is mostly affected with unemployment, is between 15 – 35, whereas the large number of unemployed still increases in the part of North Africa and Middle East with 12.2 percent followed by sub-Saharan Africa at nearly 10 percent (Afolabi, 2013). East Asia's unemployment rate of 3.6 percent stayed the lowest (Afolabi, 2013).

Guyo and Sharu (2013) estimated 88 million young women and men worldwide, are unemployed; the need for employment creation efforts focusing on youth is undeniable. According to NBS (2014), the number of Tanzanian youth between 15-24 years of age who are unemployed is approximately 6,075,000 million equivalents to 13.4%. A research done by MKUKUTA³-II (Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania) recognizes unemployment among the youth as the key issue, and has set ambitious goals to reduce rates from 10 percent (2008) to 5 percent by 2015 (MOF, 2011). Young people are most affected, making up 53.3 percent of the unemployed population of Tanzania, and it is likely that this will increase as the youth population raises (MOF, 2011; Restless Development, 2011).

Therefore, this challenge needs a quick solution to combat the issue of unemployment since the number of people increases every day and most country especially in African continent has no strictly policy for birth control. Within this framework an effort and the specific target should be made clear so as to create job opportunity for the youth who are the majority and improves the livelihood for economic independence of young people.

The importance of Small and Medium enterprises (SMEs) in contributing to job creation and output growth is now widely accepted in both developed and developing countries. Small and Medium Enterprises are regarded as the pillar of the economy. In this case, there are various criteria for SMEs in the business environment, as explained in Table 1 below on the nature of SMEs in Tanzania. The reference is usually made to some quantifiable measures such as the number of people employed by the enterprises, investment outlay, the annual turnover (sales) and the asset value of the

enterprise or a combination of these measures.

There are a number of benefits to the small and medium enterprises, such as employment creation, income generation and stands as one of the sources of the government revenue. SMEs contribution to Tanzania is widely acknowledged; they cut across every part of Tanzania and has been a benefit for the majority of youth who are both skilled and unskilled. The Tanzanian government revealed that 40 percent of people are engaged in small and medium-enterprises.

The economic survey of 2014 reveals that the SMEs sector accounted for 50 percent of the Gross Domestic Product (GDP) for economic recovery strategy for youth employment and wealth (SME Impact Fund, 2014).

Historic background and Nature of SMEs in Tanzania

Small and Medium Enterprises (SMEs) plays a major role in the social/economic development in the world today, especially in a country like Tanzania in particular, where SMEs usually contribute to employment creation, income generation and stimulation of growth in both urban and rural areas (URT, 2003). The majority of SMEs in Tanzania are characterized by low productivity, poor infrastructure, inadequate power supply, poor market access, shortage of water, low capital and high prices of inputs whereby majority find it difficult to attain their respective goals and objectives (Kazungu and Panga, 2015; Moshi *et al.*, 2014). Not only this but also SMEs in Tanzania are categorized by the various activities which enable each to specialize in their own areas they are conversant with. According to NBSR (2012) and Moshi *et al.* (2014) the SMEs activities fall into three major categories:

The first category refers to the nature of Business activities and exclude all activities of animal husbandry agricultural production, forestry, fishing, hunting and gathering. Although many small businesses carry out those excluded activities, particularly smallholder farms; they are excluded in this research since they belong to another ministry like agribusiness.

The second category includes all business activities that process output of agricultural production, hunting, fishing, animal farming, forestry, and gathering. For instance, a farmer crushed his own Sunflower Seeds and produced sunflower oil, the production of oil was considered a small Business for the purpose of this research, whereas the growing of seeds is excluded.

The third category ensures that business activities which will be included in the research regardless of whether the Business was formally registered or operated informally. (Table 1)

³MKUKUTA is a Kiswahili acronym for the National Strategy for Growth and Reduction of Poverty. This strategy is the development framework for the current five-year phase (2005-2010). It forms part of Tanzania's efforts to deliver on its national Vision 2025.

Table 1. Categorization. of Business Size of SMEs in Tanzania

Business. Size	Number. of Employees	Capital. Investment in Machinery (Tshs)
Micro. Enterprise	1 to 4	Up to 5 mil.
Small. Enterprise	5 to 49	Above. 5 mil. to 200 mil.
Medium. Enterprise	50-99	Above. 200mil.to 800 mil.
Large. Enterprise	100+	Above 800 mil.

Source: NBSR (2012) and URT (2003)

STATEMENT OF THE PROBLEM

Youth unemployment⁴ has been among the major problems, not only in afflicting the government policy makers but also. to the culture and families at large. With high shortage rates in the country, most of the families have high expectation of their children to find jobs and contribute to the family progressiveness (Kipesha and Msigwa, 2013). However, the reality has shown that, the huge number of youth unemployment problem has characterized the Tanzanian scene. Youth unemployment is a growing problem in Kenya as well (Kipesha and Msigwa, 2013).

Therefore, problem of youth joblessness in Tanzania is the core issues in which the researcher worked upon and are mainly characterized by lack of employment opportunities in both urban and rural areas which result in underutilization of the majority of the labor force. According to the labor force analysis, the unemployment rate in Tanzania was 12.9 percent in 2001 and has reduced to 11 percent in 2006 with the expectation of declining to 10.7 percent in 2011 (NBS-NPSW, 2013).

The problem of youth unemployment is more critical to developing countries due to the high poverty levels demanding all people to work in order to guarantee survival (ILO,2013).

According to Katebalirwe (2014), the global youth unemployment degree, which had reduced from 12.7 percent in 2009 to 12.3 per cent in 2011, improved again to 12.4 percent in 2012, and has. continued to rise to 12.6 per cent in 2013. In total, 74.5 million young people aged 15–24 were unemployed in 2013, an increase of more than 700,000 over the previous year. There were 37.1 million fewer young people in employment in 2013 than in 2007, while the global youth population declined by only 8.1 million. over the same period. By 2018, the global youth unemployment rate is projected to rise to 12.8 per cent, with growing regional disparities, as expected improvements in advanced economies would be offset by increases in youth unemployment in other

regions.

Moreover, in Tanzania today, there is a great problem of employment among the youth. Youth in Tanzania are individuals between the age of 18-35 (URT, 2014). Since the majority of young people who complete primary schools, secondary schools and institutions of higher education do not easily secure employment in the public service, parastatal. organizations and other economic sectors.

Most of these, however, find it difficult to labor in the informal sector because of numerous factors such as uncertainty, lack of labor premises, lack of capital, work implements and other working facilities. The private sector prefers to employ skilled and skilled labor force. Hence a large group of youth continue to remain unemployed, a situation which facilitates the growing rate of corruptions and other social evils (URT,2007).

Therefore, most young women in Tanzania who get pregnancy at the early age fail to finance themselves and find hard for them being employed into various organizations and other SMEs due to employer's attitude and discrimination in job selection.

Most parents favor men to excel in pursuing further education and women left behind to participate in household activities, and while the few get access to formal education (Okojie, 2003).

According to 2014 Integrated Labor Force Survey, the Tanzania total youth population aged 15-35 years is included of 14.8 million persons of whom 12.5 million, corresponding to 84.5 percent are. economically active and 2.3 million, equivalent to 15.5 percent are. economically inactive. Out of the economically active youth population, 11.0 million, equivalent to88.3 percent persons are employed and 1.5 million, equivalent to11.7 percent are unemployed. The percentage of the employed females is 85.5 percent, less than 91.1 percent of males. Furthermore, 12.0 percent of the employed youth are .under employed (NBS, 2016).

RESEARCH. OBJECTIVES

General. Objective

The main objective is to find out factors influencing youth employability in SMEs

⁴Unemployment is a persistent economic, political, and social problem, which attracts particular attention from researchers and labour market policy makers in all countries. (Lučkaničová *et al.*, 2012).

Specific Objectives

1. To examine the reasons for being employed in the SMEs
2. To assess whether the employment to SMEs reduces poverty among the youth.
3. To find out the skills/professions that are required mostly in SMEs
4. To identify the challenges faced by youth in getting jobs in SMEs

RESEARCH. QUESTIONS

General research question

What are the factors influencing youth employability in SMEs?

Specific research question

1. What are the reasons for being employed in the SMEs?
2. Is the employment to SMEs reducing poverty among the youth?
3. What kind of skills/professions required mostly in SMEs?
4. What are the challenges faced by youth in getting jobs in SMEs?

SIGNIFICANCE OF THE STUDY

This study maybe one of the sources of information for the academicians, policy makers, decision makers and other stakeholders to encourage the community to find a way of assisting the youth in finding opportunities to participate in employment environment so as to reduce the issue of unemployment which faces most of the governments in the world as the problem of today's world.

Socially: This study may help youth to realize the importance of employment in SMEs, since it is the source for them to gain experience in different fields such as managerial, leadership, accountability and responsibility of someone's tasks. Not only this but also, the study can help the youth to discover the importance of working in everyday life. As it has been said, "no work no food", as a social being everybody has to participate in working activities for the society's needs and concern for each other's benefit.

Economically: This study would help the policy makers and other decision makers to know the value of youth

employment in SMEs as far as raising the country Gross Domestic Product (GDP) through their employments, that they may easing the policies which are preventing most youth employment in SMEs. Also the study may be helpful for the economists to figure out different dimensions and strategies so as they may find various opportunities and chances for the youth to participate in internships programs and access internships into various SMEs as one of the preliminary stage for them to have chances/opportunities of being employed.

Politically: This study may be of help to youth to realize that, the country requires youth who are committed in Leadership position so as they may learn to be good governors in SMEs as well as the nation at large. When employed, they will be able to familiarize with other co-workers and know well how to handle conflicting issues which might arise within the organization or company and this will bring up strong youth leaders of today's environmental problems which we frequently face like bribery, bureaucracy, favoritism in job recruitments, sexual harassment of an applicant and illegal theft in both government and private companies as well as the country's natural resources such as wild animals in different national parks (Illegal poaching of wild animals) and every kind minerals obtained in Tanzania.

Culturally: This study may help the youth in cultural exchange, as we know Tanzania is endowed with different culture with different faith, norms and taboos which are inwardly individuals. Therefore, youth can learn how to respect someone's culture and character/behavior whoever interacts and participate effective in employment environment while focusing on the goal and purpose of that particular company or organization that he/she works. Since Tanzanian culture is interchangeably, the youth employment in SMEs is the vital opportunity for them to learn and experience other differences for the benefit of the country's unit, freedom and sovereignty which are the core national pillars.

Technologically: The world today is controlled with arising different kinds of technology and innovations. Therefore, the study may help youth to realize the importance of employment in SMEs which helps them learn various technology for benefiting them to move quickly in delivering different tasks which requires using of that technology, for example; using of computers in working, as a tool for multi-tasks. Not only this but also, imaging software's and packages which are useful for company in storing data which are being used by SMEs and other companies, such as quick books, mayob for accountants and STATA for economists and other statisticians, moreover, all these will benefit the youth in the employment areas.

LIMITATION OF THE STUDY

One of the critical limitations of the study was time schedule for the study and unwillingness of some respondents on questionnaires and oral interviews during the data collection processes regarding factors influencing youth employability in SMEs.

Organization. of the Study

This research is organized. in five chapters, with chapter one features the background of the study, statement of. the problem of youth employability in Tanzania, particularly, in Ilala district, purpose of the study and objective of the study. Also in this chapter there are research. questions, significant of the study as. well as a limitation. of the study.

Chapter two captures literature reviews, both theoretical and empirical framework with the focus of youth employability in various organization particularly the SMEs and conceptual framework of the study which shows the independent variables intervene variables, moderate variables and dependent variables. The chapter included literature gaps, methodology gap and the summary of the literature review.

Chapter three features research. methodology which includes: study area-description, research design, study population, sample size, sample techniques and description of sample and sampling procedures. In addition, the data collection methods such as; in-depth interview, survey questionnaire, structured observation, documentation method were used, types of data collection, (primary and secondary), Methods of data analysis and ethical consideration are also included.

Chapter four covers the analysis, findings, results and interpretation. Chapter five gives conclusion, policy implications and recommendations

LITERATURE. REVIEW

Introduction

This chapter deals with a review of literature linked to the study whereby major ideas are discussed and defined. These include the explanations of the employability models and employability theories. Discussion is also made on factors influencing youth employability in SMEs on empirical literature review, conceptual framework, and all these are relating to Tanzania. Theoretical review is the skeleton that frames the whole study from the writers. Many studies have shown that there are various models and theories that can be followed to solve the problem of youth employment (Mugenda and Mugenda, 2003). Bessant *et al.* (1998) explains the six interventions models for youth to work such as the Treatment model, Reform model and Advocacy model.

Treatment Model

Treatment Model elaborates the initiatives of youth in employment to solve other community and society arising problems in the daily working scheduled. The model explains the power of youth being considered as part of decision making, hence if treated well they will be able to give out sound and reasoning judgments in everyday responsibilities (Bessant *et al.*, 1998 and Lucenko, 2009).

Reform Model

Reform Model is the model that explains the fact that, youth who are employed to various organizations are ready to solve any conflicting issues that arise within the organization/company, hence the company reforms and structure of its employees who do not have good response/behavior/conductor each other by either transferring a worker to other branches or switch the same employee in the same organization but to other different department or career (Malherbet and L' Haridon,2006; OECD, 2015; Bessant *et al.*,1998). This model helps the employer to avoid misunderstanding between the employees while focusing on the organizational goals.

The Radical Advocacy

The Radical Advocacy is the model that helps youth to access all the benefits within the organization such as social protection and other basic rights which will enable them to excel themselves in their personal developments and assist the society as well (Toporek *et al.*, 2008). It is radical because it uses laws and other policies to assist youth who are employed to a specific organization with minimal bureaucracy. This kind of model favors employees who are employed in the company, whose employer has a dictatorial kind of leadership.

Empowerment Model

Empowerment Models the model that contends that institutions, which operate to protect the privileged or powerful, systematically disempowering young people (GanjiNia *et al.*, 2013;Hasan and Thamizhmanii, 2010; Buteau, 2012). Youth are seen as only one group disempowered under this framework. Society is viewed as unjust and controlled by the elite or upper classes. The basic values of the model are that youth workers should help young people to address power imbalances in society without disempowering other disadvantaged groups.

Graduate Employability Model

Paadi (2014) explains the USEM account of employability

model. This is the model which was used to guide the study, which is useful for the youth who actually enter the job market for the first time they need to possess the following components as represented as USEM which is an acronym for four interconnected components of youth employability where:

U : Understanding
 S : Skills
 E : Efficacy, beliefs and
 M : Meta cognition

Paadi uses this model to emphasize the graduate on the issue of employment as part of their daily lives, whereby the skills and the understanding of the global employment problem, it will help fresh graduate to enter bold into the job market without being scared of challenges that may arise during the process of job searching. Paadi elaborated clearly the components for youth employability on the Figure 1.

This model is based on scholarly effort on employability, the components are of importance and each depends with each other, as one misses it may actually compromise a graduate's employability. This will help the Tanzanian youth who have completed their studies from the colleges who are to face the job market into different parts of the country. A model that concerns graduate employability should be well defined and understood by either academicians or parents and the society at large.

As we know, both parties need to co-operate in order to fight against this problem of youth employability into various SMEs and the rest of other areas which do not belong to these small and medium enterprises. This model permits both career advisors, personal tutors, lecturers or anybody else involved with the promotion of employability within higher education to do so without clouding the issue of complications.

Therefore, the model will be a valuable tool for knowledge transfer. Since there are various knowledge today which emerges for the purpose of fighting youth employability problems in various organizations particularly in small and medium enterprises, hence it is useful to clarify to employers how the roles of Higher Education Institutions (HEIs) and business can contribute to graduate employability with the resultant benefits for both parties.

Last but not least, this model will be useful for both fresh graduates and the other who have been employed into various sectors like SMEs and the other, which will be useful for the life time. For example; career chances or those who are redundancy from employment (Pool and Sewell, 2007). This should be known that every person should have a desire of developing him/herself a lifelong learning, whether you are a student or an employed worker but also the people living in the society or community who have not been able to acquire formal

education.

Developing employability can also happen in communities in informal settings, whereby individuals can be quick thinkers, creative and working with the communities with limited resource will build someone to generate income rather than wasting time in groups and finishing a day making nonsense conversations in the street corners and mere wishes as well as unfulfilled dreams.

This will motivate them to add knowledge on the things they are not familiar with such as building confidence in approaching several employment interviews, special for job recruitment posts.

The term generic⁵ skills has been used in the model for the purpose of any discipline, and which can potentially be transferred to a range of contexts, in higher learning education or at the working place. This is the skill that individual needs to be flexible in working environment as well as communicative which will help him/her to get into direct contact with the employer and find the work easier to participate in the development of SMEs in which he/she is employed (Crebert et al., 2011).

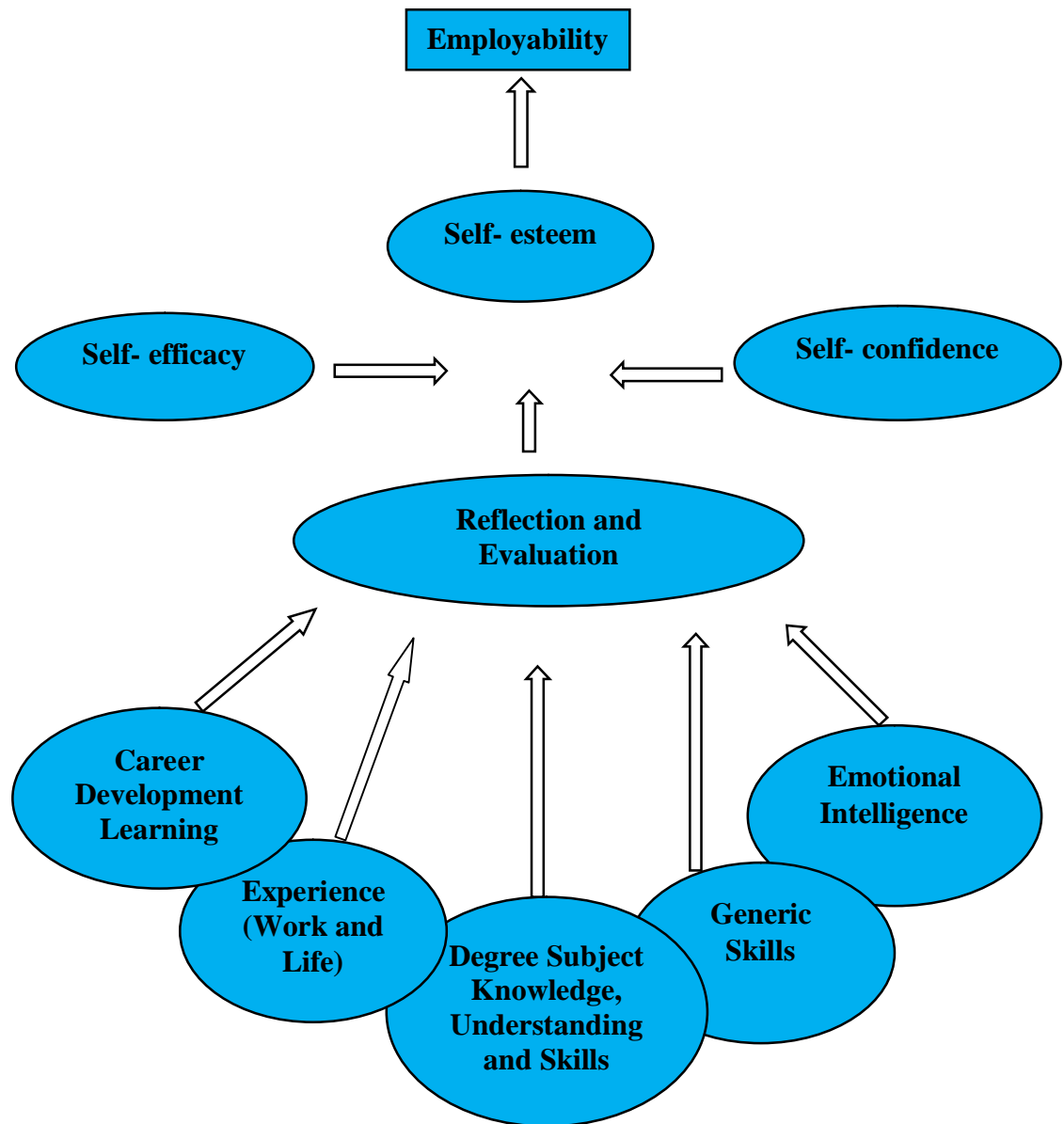
Graduate Employability Skills

Lowden *et al.* (2011) and Cleary *et al.* (2007) explains, the skills which employers seek from graduates. Usually have different reasons in finding what they require most from graduates. The skills which employers seek are broken down into three groups such as:-

Job skills which are needed for a specific job: For example, a mechanic needs to know how to fix faulty brakes and an accountant should be able to draw up a balance sheet or income statements as well as lawyers need to know laws and regulation applied in the court in a specific country. This kind of skill is relevant to be used in various SMEs as well as other organizations. The job skills is essential to both employer and the employee as most companies require individual at list have this kind of skill.

Another skill is adaptive skills: These skills help someone to function in a new condition/environment/problem. For example

⁵Generic skills are sometimes referred to as 'meta skills', 'character skills', or 'learning how to learn' skills. The word 'generic' comes from the Latin means 'genus'. It has the same root as 'generate'. Generic Skills are high-order transferable skills that are common to almost all complex endeavors. They include skills such as communicating, problem solving, flexibility, resilience, curiosity, purpose, patience, persistence, creating and courage that apply across all specific fields. They enable someone to organize, adapt and strategically apply our specific skills in new situations and circumstance.



Source: Paadi (2014); Pool and Sewell (2007)
Figure 1: Essential. Components of Employability

flexibility,enthusiasm to the new job,honesty and getting along well with people/ co-worker.

Employers usually observe for certain qualities and skills before hiring any staff member.This kind of skill is necessary for individuals to realise as they are in employment enviromentto realise the employer's desires of them when they are employed in SMEs or any other organizations for them to relish/get comfortable with work/tasks,which will be a key for them to receive high payments for the job done.

Lastly but not least,there are transferable skills:These includes;personal abilities,skills or characteristics that transfer or can be used from one job/department or another.For example,interpersonal communication skills used in group work in class can be used to function effectively in a team in a work situation.The transferable skills are helpful to the SMEs or any other organization for the purpose of expanding the company to other dimension.

This kind of skill is important in problem solving in the

SMEs or an organization especially when the task needs to meet deadline or representative to public speaking or supervising others in efficient way. The transferable skills helps in SMEs costs reduction, making good budget, keeping as well as put proper company records for future use. It will be beneficial to every job seeker in every profession to possess a balanced mix of these skills in order to succeed in the job market and to be employable and remain employable (Lowden *et al.*, 2011).

Therefore, employability skills are sometimes referred to as professional, basic, core, key and nontechnical skills and are inherent to enhancing graduate work readiness (Andrew and Higson, 2008). Employability skills typically considered important in developed economies which are; self management and analysis, critical thinking, team working and effective communication (Jackson, 2013).

Relationship between Soft Skills and Hard Skills

IYF (2013) explains soft skills as behaviors that enhance an individual's job performance, interactions and career prospects, the greatest characteristic of soft skills is that they are intangible and are not discipline specific that is the application of these skills is not limited to one's profession. Soft skills usually continue to develop through practical applications during one's approach towards daily life and the workplace teachable graduates develop their soft skills faster.

Soft skills are not easily measurable like hard skills they are more of who we are than what we have and hard skills are those achievements that are included on a resume, such as education, work experience, knowledge and level of expertise. Most of the SMEs needs both skills to be used when an individual/youth in particular when applying for the job in various SMEs or any other organization. While the hard skills will benefit the youth in case of shifting or transfer from one job to another (Hood, 2003).

Examples of hard skills include job technical skills like typing, reading, math and the ability to use software programs (Williams, 2016). According to Robles (2012), technical skills, also known as hard skills, were the only skills necessary for career employment, but today's workplace is showing that technical skills are not enough to keep individuals employed when organizations are right sizing and cutting positions.

Ntsizwane *et al.* (2013) suggest that, employers often complain about a lack of soft skills among graduates from tertiary institutions or workplace readiness and practical experience are some of the challenges associated with employability.

Ntsizwane *et al.* (2013) argues that, most graduates lack soft skills such as team working spirit. He argues that, candidates are normally academically proficient and lacking soft skills such as communication as well as

verbal and numerical reasoning.

Therefore, soft skills in particular, are the main motive why many graduates are unsuccessful in the recruitment phase in many SMEs and other organizations, where as some youth experience challenges associated to employability due to lack of soft skills.

Examples of soft skills includes, concise language, motivation, friendliness, team working spirit, team cohesiveness, understanding of different cultural and historical differences, observance of rules, procedures and company etiquette, sociability, solid relations with diverse personality types, good interpersonal communication skills and similar traits. Hard skills are the technical know-how and knowledge needed for a job. While soft skills are interpersonal qualities, also known as peoples' skills and personal attributes that one possesses.

Employability Theories

Conflict Theory

Conflict theory is the theory used by the researcher to guide the study in which it underlines the fact that different groups namely, academia, employer, employees, have varying access to the capabilities and opportunities (Brown *et al.*, 2003). In the capital-labour conflict, there has been a continuous discussion in terms of the employer's role in imparting basic skills and employees not acquiring adequate skills through training offered by employers.

Meanwhile, there is the employer-academia conflict where the employers feel that the academia have not been offering adequate acquisition of basic skills to the graduates. Since, universities and other learning institutions should provide skills relevant to the job market such as practical training as it has been provided by the vocational education eg. VETA which equip graduates ready to face job market in various SMEs and companies which need these well trained labour.

Therefore, conflict theory claims for the employers to take responsibilities in providing work place experience to the graduates and not directing the responsibilities to the universities/institutions alone.

The consensus theory (explained below) and the conflict theory have their own limitations in view of the historical evolution of basic skills attainment, where not only university environment provides avenue for such skill development but it also entails pre-university environment such as family, school, social, neighborhood and workplace to add training skills eg. field work to youth employability to SMEs and other organizations (Degnan *et al.*, 2010).

Human Capital Theory

According to Paadi (2014) and Becker (1975) explains education increases individuals' efficiency, which consequently enhances job performance. Therefore, the researcher used this theory to guide the study on the emphasis on education which offers marketable skills and abilities relevant to job performance, and thus the more highly educated people are, the more successful they will be in labour market in terms of both incomes and work opportunities (Hasan and Zaman, 2015).

Hence, youth employability increases as they invest more of their lives in everyday learning processes, since employers seek young people who are well learned to be employed in these SMEs and other sectors. This theory does not lean much towards the attainment of basic skills to succeed in the workplace, it focuses more on the educational knowledge acquired through higher education to be successful in work, this is true you cannot apply HR functions in the workplace if you do not have the technical or theoretical knowledge of it, but the point is you do not apply them in the air, you deal with people because that is the nature of the HR career, you will need both set of skills for success namely soft skills and hard skills as well.

Consensus Theory

This theory emphasizes on the youth social groups that have in common, normally are associated with the social norms, cultural or shared beliefs/faith (Brown *et al.*, 2003). It is based on the assumption on human capital injection by way of imparting skills at tertiary level will ensure employability of graduate and there eventual fast acceleration/dive in the corporate ladder.

Tanzanian society is endowed with different norms, culture and shared beliefs/faith hence youth employability increases if both employers and employees are aware of these social norms within the society. Some of the SMEs are keen on considering someone's faith/beliefs when employing someone into organization, which may hinder the organization performance or improve in the other way round.

Consensus theory tends to blame the academia or university environment for not instilling necessary skills through curriculum design and implementation through appropriate academic methods. The theory is somewhat attuned to a useful explanation which is rather simplistic. Degnan *et al.* (2010) have referred to the challenges which graduates face in relation to the multidimensional nature of the employability concept, especially the difficulty of disentangling the role of education and training systems from other factors in evaluating labour market outcome (Paadi, 2014).

EMPIRICAL LITERATURE REVIEW

Researchers have been undertaken by scholars around understanding youth employability into various organizations and the factors influencing them to participate in employment activities. A research which was done by World Bank (2012) shows that, youth employment issues are a major concern for many countries because they have negative effects on the welfare of people which may result to adversely economic effect and social instability in someone's environment.

According to Primadica and Elstner (2014), young people in Ribáuè district, in Mozambique were not willing to wait for the government assistance in their lives, rather than stepping forward and start generating income by doing entrepreneurship activities and employ themselves through buying and selling of consumer goods and others doing handcrafting activities. Primadica and Elstner did not show up the specific factors influencing them to engage into entrepreneurship activities like buying and selling of consumer goods and handcrafting activities.

Taiwo *et al.* (2012) in their research evaluated Small and Medium Enterprises (SMEs) has a great impact on the lives of people such as utilization of local raw materials, employment generation, motivating rural and urban development in generating income, innovation of new entrepreneurship skills, organization of local savings, linkages with bigger industries, provision of self-employment, provision of the opportunity for training and improved semi-skilled workers.

Taiwo *et al.* (2012) explained the benefits which SMEs brings to the country's economy through individual participation to SMEs more of the benefits as explained earlier will be attained when youth are influenced to be employed.

Therefore, the majority of developed and developing countries are basing on resourcefulness and even taking risk in small and medium enterprises to activate and motivating economic development through increasing employment to their citizens (Kanyi, 2011). On the other hand, the survey states that of the 503,000 jobs created last year, 440,400 equivalent to 80.6 percent were in the Small and Medium Enterprises (SMEs).

Only 62,600 equivalent to 12.4 percent were made in the official/formal sector, such as transport and communications, building and construction, retail and wholesale trade, hotels and restaurants. In his paper, explained more youth were employed to SMEs rather than formal sectors but did not illustrate the factors motivating youth to cover those opportunities provided.

According to Mfaume and Leonard (2004), mostly young people employ themselves in micro-small enterprises (SMEs), such as carpentry, bricks maker, street vendors (matching guys) and "mama mtilie

business⁶” This is because the majority lack adequate education and find it difficult in finding formal employment. This makes some youth get various economic problems as well as family problems since they are originated from the poor background, where both parents were unable to finance their education. The author further stressed that, there are very few who were formerly employed engages in small business due to various reasons including retrenchment.

Young people are burdened by three key challenges in their lives - staying healthy, achieving a sustainable income, and participating in working activities. The emphasis of youth is being involved to work into various income generating enterprises like SMEs, since the youth are the leaders of today they need to be given authority and power to participate into development and leadership for the benefit of the whole population (Wijeyesekera, 2011).

This is due to the fact that, young people are creative, open to change, energetic and resourceful. When young people are assisted to harness their potential to have a voice and to lead the impact is huge, positive and can result in benefits for the whole community at large (Wijeyesekera, 2011). While Galeragwe (2013) focused on finance as a major problem SMEs face as to participate fully in youth employment career. He viewed finance as one of the key products that SMEs face, therefore in order for them to operate well, claims to be provided with enough fund to run their business since he realize that SMEs are the source for country's economic growth for youth to be absorbed into various sectors depending on their level of education and training that they have.

It might be expected that in order to reduce youth unemployment, seems that, institutions and other organizations should conduct programs and increase of skills on technical-vocational education and training (TVET), internships in firms to gain work experience, and a range of other kinds of training. The last group includes training in soft skills⁶, literacy or numeracy training, and “second chance” programs for those who have left school early. A different subcategory under skills development is the provision of credit or subsidies to youth to help finance this training (Glick *et al.*, 2016).

In this study, factors which influence youth employability in SMEs are education and training, work

⁶Mama Ntilie business is the Swahili word of Individuals, mostly women selling food in the streets at lowest /cheapest costs to their customers. This kind of business is widely practiced in Tanzania and every other part of African continent as well as Asian Continent.

⁶Communicating, conflict management, human relations, making presentations, negotiating, team building, and other such ability

experiences, socio-demographic, perceptions, availability of credits, entrepreneurship skills, health and social welfare, community development initiatives, social security and life/health insurance. Several factors influencing youth employability in SMEs have been explained by authors.

Stefanović *et al.* (2011) explore fairly variables such as income factor, family security factor, independence factor, intrinsic factor. Devlin and Gunning (2009) explains the important of youth engaging in employment activities, whereby an individual who is in the job offering showing the sense of transition from adulthood to independence self-reliance. This helps for youth living in poverty to have an opportunity to generate income. Whereas youth being employed or engaging in the job offering gains respect in the society as one who brings up development within the society that he/she lives.

In the world today, youth unemployment is a problem in many countries. A research done by UNIDO (2012) found that, the youth who are not yet employed finds the hard time to run their lives pointed out most of the University graduate fall into this group while others who have temporary jobs finds little of their income and find it difficult to run their daily life and find another job.

Mori (2015) and Ng'habi (2013) explore a huge number of the graduate in Tanzania finds hard in getting jobs into various sectors both formal and informal due to the volume of the candidate who enters the labor market. In his research approximated the youth in Tanzanian who enters the labor market between 650,000 and 750,000 every year (UNDP, 2014). This is the market opportunity for them being employed to various SMEs across the country while the majorities are inexperienced and therefore find it hard to be employed.

URT (2007) explains most youth who completed standard seven; secondary education and high level of secondary education find it difficult to be employed in the informal sector due to lack of capital, work tools and lack of working places.

While private sectors prefer to employ individuals who are skilled and well experienced. Assad and Levison (2013) explain the major driven force for youth to find jobs into SMEs are; education that they have attained in the schools and degree to support the family that a person come from in helping to provide income and entrepreneurship skills for others who have not been able to get access to jobs.

While analyzing factors influencing youth employability in SMEs in Kenya, it shows that people need well to be informed in terms of skills and management. The “juicily”⁷ informal sector, for example, has proved that it can be a

⁷The Jua Kali means ‘fierce sun’ in Swahili. It’s also the name given to the informal sector in Kenya, the thousands of small workshops where people bang out pots, pans, auto parts and handicrafts, literally under the hot sun, day in and day out.

factor that can boost economic growth in Kenya (Kedogo, 2013). Also, Manpower Group (2012) pointed the factors that hinders youth failed to be employed in SMEs like a lack of information, networks and connections among youth, especially youth from families lacking of experience, lacking of skills and lack of knowledge of market situation.

Stevenson and St-Onge (2005) analyzed the attitude of youth in employment environment, mostly women who have no ability to participate informal sectors due to lack of work experience and majority employ themselves at the micro-level and find difficult to obtain huge loans from financial institutions due to their working environment. The mostly business opportunity that they participate is food production, sewing, crafts, small-scale farming, and small-scale cooperative production. These activities are 'somewhat' culturally acceptable.

Therefore, Omondi (2013) concluded that, the factors that matters for youth employment in SMEs are Education status; Vocational training; and Livelihood assets. The study investigated that method used by youth employability finds them hard in employment in SMEs employment due to lack of proper education, training and skills affect the performance of the youth employment into various enterprises. In his research, 73 percent were not well supported due to low education background and the remaining percent were successful (Mori, 2015).

Each of the studies discussed above has something to offer the big picture on youth employment in SMEs. Thus, this study includes variables which influence youth employment in SMEs are education and training, work experiences, socio-demographic, perceptions, availability of credits, entrepreneurship skills, health and social welfare, community development initiatives, social security and life/health insurance (Mori, 2015).

CONCEPTUAL FRAMEWORK

A conceptual framework explains the relationship between nine (9) independent variables, and one (1) dependent variable in line with one (1) intervening variable, along with one (1) moderating variable (Mugenda and Mugenda, 2003). In this study the independent variables show factors that influence the youth employability in SMEs, meanwhile youth employability in SMEs stands as dependent variable. Also the intervening and moderating variables were used as illustrated in Figure 2.

Research Knowledge Gap

Studies have been done on youth employability in SMEs across the world such as; Small and Medium Enterprises as an effective sector for economic development and employment creation in Algeria

(Bouazza, 2015); factors influencing youth involvement in agribusiness projects in Bomet Central Sub-Country Kenya (Mibey, 2015); factors affecting effective youths' participation in agricultural marketing co-operatives in Tanzania (Kimaro and Anania, 2016); and factors influencing participation of youth in community based youth projects in Nyeri County Kenya (Wanja and Claire, 2014).

The Role of Micro and Small Enterprises in Reducing Youth Unemployment: The Case of Meserak Tvet College Graduates in Addis Ababa City Administration (Tegegne, 2014), Factors Influencing Growth of Women Owned Micro and Small Enterprises-A Survey of Kitale Municipality-Kenya (Ongachiet *et al.*, 2013) and Factors Influencing Performance of Youth Group Micro and Small Enterprises in Kisumu West District, Kisumu County (Oywa, 2008). However, limited attention has been given on what factors influencing the youth employability in SMEs particularly in Tanzania Ilala District-Dar es Salaam.

The research done by Moshi *et al.* (2015) was undertaken by using a survey research design whereby purposive and random sampling techniques were used to pick a sample of 28 SMEs while questionnaires, interviews and documentary review were used to collect data. Data were analyzed through applying interpretive and reflexive qualitative approaches while quantitative techniques involved utilization of descriptive statistics, cross tabulation, correlation and linear regression models.

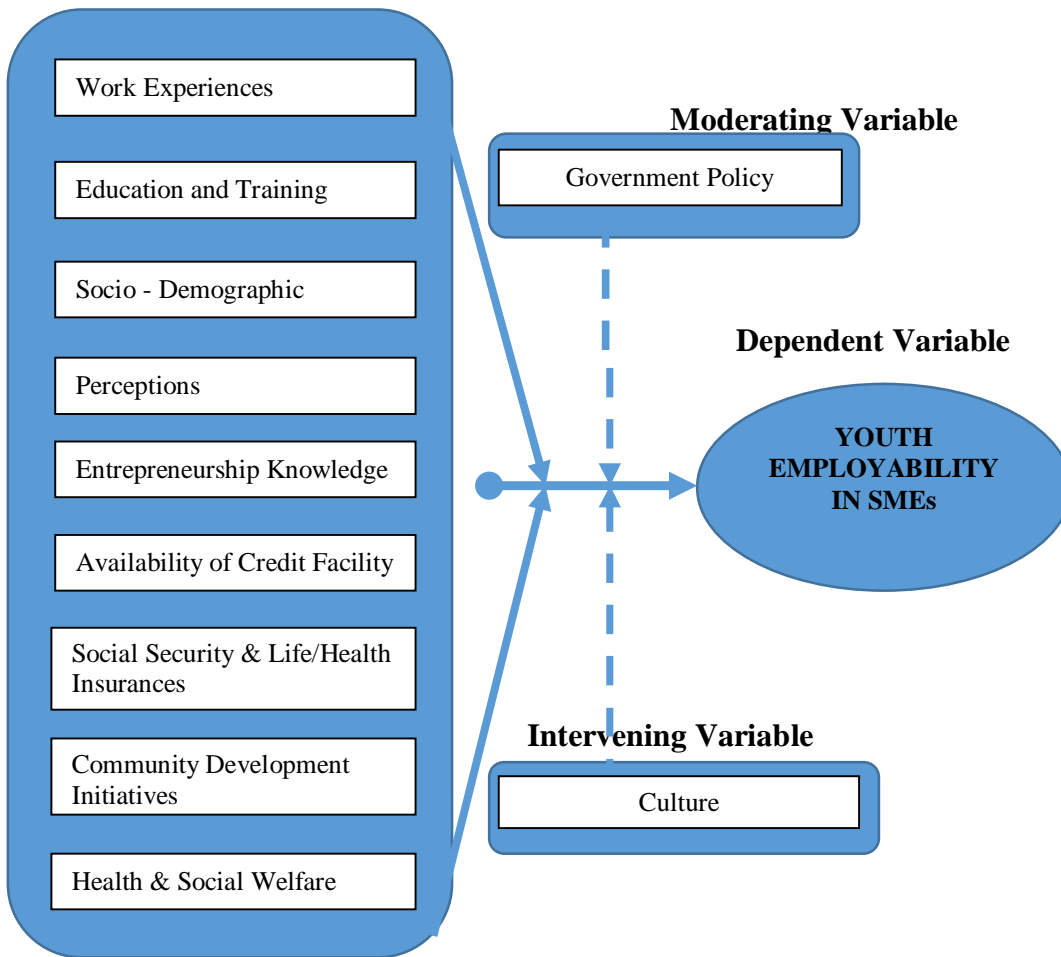
Whereas, in this study, the researcher explored survey research design whereby purposive and random sampling techniques was used to pick a sample of 50 SMEs while survey questionnaires, in-depth interviews, observation and documentary review were applied in data collection.

Hence, data were analyzed through applying interpretive, use of tables, descriptive statistics, while the data collected from 91 employees were analyzed through binary logit-model (STATA), Statistical Software and the findings were interpreted as per research objectives the study.

Chapter Summary

Literatures revealed that youth are the majority of population in the world that are able to make a great source of change (Brookset *et al.*, 2013). Youth employability is a necessity for many development environments, the relevance of which depends on the growing age group of 15 to 35 years old. The changes which may happen to the society and individual's characters are mostly influenced by the youths (Bagson and Naamwitome, 2013).

Usually youth employability is the participation of young peoples in various aspects of activities such as economic



Source: Author (2016)
Figure 2. Conceptual Framework
 Independent Variables

planning, fashion, administrative, leaderships, designing and other decision making (Wolfenson and Maass, 2013). Young people bring energy, vitality, and innovation into the work force, and when their willingness to contribute is matched with opportunity; they can have a transformative impact on economic growth and social development. Youth are very innovative and should be at the forefront for the consideration of employment in the organizations.

Youth access to employment would enable them to bring up development into various parts of the country such as establishment of entrepreneurship, starting small business and being able to develop others in the society who has not yet secure jobs (ILO, 2014).

Youth therefore, find many factors that are accountable for the difficulties that youth experience in initial workforce entry such as; networks, a lack of information, and connections among youth, particularly youth from

families lacking significant social capital, a lack of skills suitable to the workplace, a lack of experience and credentials that address employers' risk in making hiring commitments, a lack of available jobs suitable to entry level skills (Manpower Group, 2012; ILO, 2012).

Access to finance is a critical barrier to attracting young people to start businesses. Young entrepreneurs, especially women, are usually seen as high-risk clients by financial institutions, and normally lack sufficient collateral against which credit can be mobilized (Kenney and Fletschner, 2011).

Most of the youth in the country waste time in various groups which are not beneficial for their lives like playing board games in the streets (draft) and alike rather than being engaging into jobs which generating income (UN, 2003). Youth are the power and the development of a country depends on their regimented, active and skilled performance (UNDP, 2014).

Training young people to raise high-quality crops and livestock that can be sold would help them develop revenue and employment opportunities. With the right support and training young people in rural areas would be willing to take up entrepreneurship as a livelihood and that, with the right support and training; they will stay in the countryside to produce food instead of migrating to towns and cities (ILO, 2006).

Overall majority of the youth have unfavorable attitudes towards employment activities. The studies have shown that attitude correlates positively and significantly with participation in employment activities and influenced youth's interest in employment sectors (ESP, 2013; Atoma *et al.*, 2010). The small and medium enterprise offers a lot of attractive activities and business and therefore the transformation of the SMEs sector towards a money making entity enable the perception of the society and public towards entrepreneurship to change (Leonard *et al.*, 2004).

Unfavorable system of infrastructure leads to high cost of travel and goods transportation making employability less attractive to the youth. Limited SMEs services, scarce access to basic needs such as electricity and safe water, telecommunication services and poor road networks makes it hard for the youth to be employed in small and medium enterprises.

The under-developed countries have the huge problems pertaining to infrastructure especially in rural areas (Emeti *et al.*, 2014; Onugu, 2005).

The studies in Tanzania revealed that, there is relationship between services offered by the SMEs, infrastructures and productivity that have its importance in small and medium enterprises (URT, 2003). There is need to provide social amenities and infrastructures that would make the youths lives and work in the both urban and rural areas is emphasized (Atoma, 2010).

RESEARCH. METHODOLOGY

Introduction

This chapter explains the methodologies that were used to attain the objectives of the research. A research methodology is the framework within which research is undertaken (Adam and Kamuzora, 2008). The study employed descriptive statistics and the binary logit model to find out factors influencing the youth employability in SMEs.

Whereas, by using logit model, the results showed up if those factors are relevant to youth employability by measuring different variables which motivated youths in employment (Hemmer *et al.*, 2011). The study used some variables which are relevant in Tanzania context. The chapter therefore included model specification, study area, research design, study population, study sample and sampling techniques,

Model Specification

Binary Logit Model

To determine whether youths are employed to SMEs in relation to factors influencing them to be employed, among other factors, a binary logit model was used. The dependent variable is a dummy for undertaking employment. This means that, Y_i has any two possible values 1 for being employed and 0 otherwise. The model has been explained clearly by Gujarati (2004) in the illustration below:-

Recall the linear probability model (LPM)

$$P_i = E(Y = 1 | X_i) = \beta_0 + \beta_1 X_i \quad \longrightarrow \text{Equation (1)}$$

Where X is an explanatory variable, say (work experience, education and training) and Y = 1 means an individual/youth is employed in a SME. Now let's consider the following youth employability.

$$P_i = E(Y = 1 | X_i) = \frac{1}{1 + e^{-(\beta_0 + \beta_1 X_i)}} \quad \longrightarrow \text{Equation (2)}$$

for ease understanding, we write (2) equations; -

$$P_i = \frac{1}{1 + e^{-Z_i}} = \frac{e^{Z_i}}{1 + e^{Z_i}} \quad \longrightarrow \text{Equation (3)}$$

Where; $Z_i = \beta_0 + \beta_1 X_i$

The equation (3) is known as (Cumulative) Logistic distribution function⁹

Note: It is easier to verify that; Z_i lies between $-\infty$ to $+\infty$ and P_i lies between 0 and 1¹⁰ Therefore, P_i is nonlinearly related to Z_i . Since P_i is nonlinearly in equation 2 above, not only in X but also in β 's, hence we cannot use Ordinary Least Squares (OLS) in estimating parameters. But this can be linearized as follows; -If P_i is the probability of individual/youth to be employed, given in equation (3), then $(1 - P_i)$ is the probability of individual/youth not being employed.

$$1 - P_i = \frac{1}{1 + e^{Z_i}} \longrightarrow \text{Equation (4)}$$

Therefore, we can write as; -

$$\frac{P_i}{1 - P_i} = \frac{1 + e^{Z_i}}{1 + e^{-Z_i}} = e^{Z_i} \longrightarrow \text{Equation (5)}$$

Now $\frac{P_i}{1 - P_i}$ is simply the odds ratio in favor being employed. The ratio of the probability that individual/youth being employed to the probability that will not be employed. Thus, according to Idre (2016) explains if the probability of success is $P_i = 0.8$, then the probability of failure is $(1 - 0.8) = 0.2$. The odds of success are defined as the ratio of the probability of success over the probability of failure. That is the odds of success are $\frac{0.8}{0.2} = 4$, that is to say the odds of success are 4 to 1 (in favor of individual to be employed). If the probability of success is 0.5, ie. 50-50 percent chance, then the odds of success is 1 to 1.

Therefore, taking the natural logarithm of equation (5) above we get; -

$$L_i = \ln\left(\frac{P_i}{1 - P_i}\right) = Z_i = \beta_0 + \beta_1 X_i \longrightarrow \text{Equation (6)}$$

Hence, L_i is the log for the odds ratio, is not only linear in X, but also (from estimation view point) linear in the parameters¹¹. L_i is called **logit**, and hence the name '**logit model**' for models like equation (6)

In the model above we shall concentrate more on the probability of success.

Assumptions of Binary Logit Model

Sasita (2015) explains logit model assumptions, where as the model assumes no important variables are omitted, meaning that all relevant variables are included in the model. In addition to that the model assumes to exclude extraneous variables, furthermore the model assumes that the independent variables are measured without error; the observations are independent; and the independent variables are not linear combinations of each other.

Log Likelihood equation for success

Likelihood Function

Spiderfinancial (2016) defines likelihood function is a function of the parameters of a statistical model. In other words, the

⁹ The logistic model has been used extensively in analyzing growth phenomena, such as population, GNP, money supply etc. For theoretical and practical details of logit and probit models, see J.S. Kramer, The Logit Model for Economists, Edward Arnold Publishers, London, 1991; and G.S. Mandala, Introduction to Econometrics, 2nd ed. Macmillan, New York, 1992

¹⁰ $Z_i \rightarrow +\infty$, e^{-Z_i} tends to zero and as $Z_i \rightarrow -\infty$, e^{-Z_i} increases indefinitely. Recall that, $e = 2.71828$

¹¹ Recall that the linearity assumption of OLS does not require that the X variable be necessarily linear. So we can have X_1, X_2 etc. as regressors in the model. For our purpose, it is linearity in the parameters that is crucial.

likelihood of model parameters given some observed outcome (ie.sample) is equal to the probability of those outcomes given the model and its parameters values.

The likelihood function for a statistical model is described as;-

$$L = \prod_{n=1}^N f(y_n | y_{n-1}, y_{n-2}, \dots, y_1, \beta_1, \beta_2, \dots, \beta_k)$$

Where;

L : is a likelihood function

$f()$: is the conditional probability density function

y_n : is the value of the time series at time n.

$y_{n-1}, y_{n-2}, \dots, y_1$: are the past values of the time series at time n.

$\beta_1, \beta_2, \dots, \beta_k$: are the parameters. of. the statistical model.

Log Likelihood Function

Spiderfinancial, (2016) defines, log likelihood function for statistical model as;

$$\ln(L) = \sum_{n=1}^N \ln f(y_n | y_{n-1}, y_{n-2}, \dots, y_1, \beta_1, \beta_2, \dots, \beta_k)$$

Where;

$\ln(L)$: is the log-likelihood function

$\ln f ()$: is the natural log of the conditional. probability density function

y_n : is the value of the time series at time n.

$y_{n-1}, y_{n-2}, \dots, y_1$: are the past values of the time. series at time n.

$\beta_1, \beta_2, \dots, \beta_k$: are the parameters. of the statistical model.

Williams(2016) defines P_i as the probability of observing whatever value of Y ,let's say Youth access to employment would actually be observed for a given observation i.e.

$$P_i = \left\{ \begin{array}{ll} P(y = 1 | x_i) & \text{if } y_i = 1 \text{ is observed (Success)} \\ 1 - P(y = 1 | x_i) & \text{if } y_i = 0 \text{ is observed (failure)} \end{array} \right\}$$

Zivot (2009) defines likelihood function as the joint density treated as a function of the parameter β .Therefore, as the probability of youth employability (success) occurs for case 'i' was 0.7, and the event did occur, then $P_i = 0.7$.Otherwise, $P_i = 0.3$ would be failure. But in our case we are put more concentration on the probability of success (youth employability to SMEs). If the observations are independent, the likelihood equation is given by; -

$$L(\beta | y, X) = \prod_{i=1}^N P_i \quad L(\beta | y, X) = \prod_{i=1}^N P_i$$

Therefore, the likelihood tends to be an incredibly small number, and it is generally easier to work with the Log Likelihood.

Hence the **log likelihood equation for success** is given by; -

$$L(\beta | y, X) = \prod_{i=1}^N \ln P_i$$

The log likelihood equation can easily be computed, the P_i and the log of P_i effective when the researcher applies

STATA as statistical software package for analyzing his observations/data collected from the field.

Note: Log-likelihood values cannot be used alone as an index of fit because they are a function of sample size but can be used to relate the fit of different coefficients. Because you want to maximize the log-likelihood, the higher value is better. For example, a log-likelihood value of -4 is better than -9.

Study area-description

Ilala District is one of five districts in Dar es Salaam, Tanzania, the others being Temeke, Ubungo-North (New district), Kigamboni (New district)-South and Kinondoni to the North. The area of Ilala district was chosen for the study because many SMEs are located in this district.

According to National Tanzania Census 2012, states the population for Ilala as 1,220,611 Million. The area is 364.97 km². Ilala is commonly referred to as 'Downtown Dar', where much of the commerce, banking, and national offices are located. Geographical, Ilala district lies in latitude (**6°55'00" S**) and longitude (**39°10'00" E**).

Since Tanzania, Kenya and Uganda has impacted free education in primary level as to tackle the issue of youth unemployment problem (Oketch and Rolleston, 2007). While today Tanzanian government has decided to implement free education for secondary school which would help to reduce the problem of unemployment to its citizen, mostly youths as they are able to enter job market for themselves and the country's benefit at large (Taylor, 2016; Makoye, 2015; GEM, 2015; and Robi, 2016). Therefore, free education from primary level to secondary level would help to assist in addressing the issue of youth employability in SMEs.

This means that youth employability in SMEs has been neglected in most part of the country while is the major source of increased the country's GDP if at all the effective strategy would be put into action. Usually the youth in Tanzania struggles to employ themselves but they do not find a way out for a better future, since they face various difficulties which enable them not to start a business.

Research Design

Kothari (2004) defines research design as the plan of conditions for collection and analysis of data in a manner that intending to combine relevance to the research purpose with economy in procedure. Research design is the plan, structure and strategy of study conceived so as to obtain answers to research question and to control variances. It is the road map for the collection, measurement and analysis of data (Bhattacharyya, 2005).

Usually a research design is divided into three types, which are survey study, experimental design and case study (Adam and Kamuzora, 2008). The researcher employed the case study which gave extensive information since this kind of study minimizes cost and easily getting information and it is flexible in data collection. In depth Interviews, was applied to obtain qualitative data and the data were analyzed as per research objectives.

Study Population

The target group is a group of subjects or unit that a researcher drew conclusions of research topic (Kothari, 2004). In this study the targeted population constituted of owner-managers, employees and other key people involved from different categories of SMEs identified with the use of random sampling and purposive sampling techniques.

Sample Size (Unity of Analysis)

A unity of analysis is a complete set of group of members that the researcher made study (Kombo and Tromp, 2006). The number selected from the population to constitute a sample is what is called sample size (Adam and Kamuzora, 2008). The targeted population researcher intend to gather in the study was 200 as sample size, but 162 where successful responded from Ilala District in which 91 where employees, 29 unemployed and 42 were employers and estimated a logit model from 120 employees and unemployed.

Sampling Techniques

Kothari (2004) defines sampling techniques as the procedures used to select samples. The researcher used random sample from the society which have been selected from different villages/streets. The techniques that the researcher used to obtain sample includes social groups such as gender (women and men), age, and group of employees in various SMEs represented in Ilala district.

Data collection methods

These are different methods that were used to collect data from the field. These are the data with more than one methodology and this includes in-depth interviews, survey questionnaires, structured observation and also documentation. The data was collected from different

employees and employers in various SMEs in Ilala District. Steele and Powell (1996) defines data collection techniques as the methods for gathering data that are most commonly but not exclusively, used in survey research.

In-depth Interview

This is the data collection technique that was used as a form of asking questions, which are done orally that can be direct as face-to-face or through phone (Kothari, 2004). The researcher used this method in the study by asking questions to the village/ streets members, employers and employees that the research took place and recorded the discussion through tape recorder and analyzed the discussions as per research objectives. Example of questions that were asked to the interviewee in line with research objectives were; -

For Employees: Why do you opt to be employed in SMEs? How far have SMEs reduced poverty or increased your income? What kind of skills or professional does SME requires for someone to be employed? And Are there any challenges that you face in getting job in SMEs?

For Employers: As employer, what kind of experienced youth do you require to be employed in your SME? As employer, what kind of skills or advice do you offer to your employee who helps them to come out of poverty? As employer, what challenges do you face when recruiting new employees in your company/SME?

Survey Questionnaire

The questionnaires are designed purposeful to collect data from youth who are employed in SMEs and the employers who are given each to fill them out for data analysis. The questionnaires helped in saving time by getting much of information in short time. From the questionnaires, the researcher obtained information on what are the factors that influence youth employability in SMEs in Ilala District and the challenges that they usually face in their working environment as well as finding jobs to different organizations as well as realize what employers need from them.

Note: Example of survey questions that were asked in line with research objectives for both employees and employers are written in the Appendices as Appendix II.

Structured Observation

According to Bhattacharyya (2005) observation is when information is collected by observing the process at work. To use this kind of data collection technique the

researcher has to be present on the area during conducting the research; therefore, the researcher observed a number of things which influences the youth employability in SMEs in the field study. The things that the researcher observed were; -

Criteria which makes youth to be employment in SMEs Number of youth to be employed in chosen SMEs as compared to elderly. How is the SME operates; Is it efficiently, productive or under loss. Mission (s) and Vision (s) of the SME; Products that SMEs produces.eg. Banks needs accountants.

Activities that SME is relying / performs; Resources that SMEs is endowed eg. Computers, needs IT specialists; Chances for youth getting employment in SMEs in terms of work experience. Number labor force who are unemployed (Frictional unemployment); Criteria / Conditionality that favor youth to be employed in SMEs; Employment compensations / allowances / health insurance.

Documentation method

This is about gathering different information. from books and other written materials and looking what others have said. about youth employability in SMEs. Documentation method is about assembly data from a secondary source. The documentary sources of data play an important. role in disseminating knowledge in all environments. The documentary sources of data for research purposes include manuscripts, research reports, published books, journals, , newspapers and other unpublished literally works (Cade, 2008).

Also Adam and Kamuzora (2008), identified sources of secondary literature/data into two perspectives; primary material and secondary material. Primary data is the data that is direct and fresh current information new and original at the date of publication of which the secondary data are not new and belong to other person or author rather than current owner.

Sources of Data

Primary. Data

According to Kothari (1990) defines, Primary. data are those which are collected afresh and for the first time.and thus occuring to be original in character. Survey Questionnaires were used to collect data from Ilala district to employees working in SMEs unemployed and employers around Ilala District areas.

Secondary data

Kothari (1990) defines Secondary Data on the other hand, are those which have already been collected by someone else and which have already been passed

through the statistical process.

Data were obtained from sources of area of study, that is; youth employability in SMEs, explore books from libraries and surfing internet through using of google search engine and other reading materials such as journals and other benchmarked publications as other sources that comprehend to the secondary data collection.

Methods of Data Analysis

Binary Logit Model: Youth employability in SMEs

This study used binary logit model as explained by Gujarati (2004). Logit model is based on cumulative logistic function. Logit is grounded in the concept of an odd ratio in factors influencing youth employability in SMEs. The logit model constrain the estimating probability to lie between 0 and 1 and overcome problem of linear probability model (Fomby, 2010).

The logit model is important to this study, because it reflects and show up the probability of youth to be employed in an SMEs (employability/odds ratio) (Lučkaničová *et al.*, 2012).

The dependent variable which represent 'youth employability in SMEs' against the explanatory variables such as education and training, work experiences, perceptions, socio demographic, entrepreneurship knowledge, social security, health and socio welfare, community development and availability of credit facilities were included in the model.

The Logit model provides several tests which help assess: a) how well the independent variables "fit" the model; and b) the model's ability to correctly predict the outcome modeled by the dependent variable (Karp, 1998).

This means that, youth may be employed to SMEs due to what has developed from his/her own efforts such as, work experiences, information, education and training etc. Logit model was chosen against probit model because the nature of dependent variable is binary, taking the value of 0 and 1. It is better for large sample above 162 while probit model takes sample size between 40 to 100 (Goktas and Cakmakyapa, 2013). In addition to this, probit models are among the models which are specifically used in empirical studies. However, probit models are usually applied without testing the normality or the heteroscedasticity (ÇAĞLAYAN, 2012).

However, the standard maximum likelihood estimators of the probit models are mostly biased and inconsistent if the disturbances are abnormal, or if the disturbances are heteroscedastic. This is a reason that, logit model allows properties of a linear regression model to be exploited and this takes the values between $-\infty$ and $+\infty$ since the probability remains between 0 and 1 (ÇAĞLAYAN, 2012).

Furthermore, logit and probit models have the similar

results and more data is needed to notice the difference on the curve which will almost see identical relationship Coates (2009). Furthermore, if a researcher uses odds ratios, then the logit model approach makes more sense than using probit model.

Therefore this study gathered a sample size of 162 respondents out of 200 targeted sample size, which made a choice for a researcher to consider logit model over probit model even though both gives the same result.

Ethical Considerations

The study strives to avoid any form of harm to respondents by observing the ethical rules. This was in line with (Mugenda and Mugenda, 2003) who stated that researchers should avoid physical or psychological harm to the participants. The information obtained from the respondents in the process of the whole research were kept confidential. The research questionnaires did not require any kind of respondent to provide personal information.

The researcher adhered to ethical consideration by being confidential, anonymous and avoids deceptions (Sommer *et al.* 1994). The researcher got permission from relevant organizations and explained the purpose of the study to the participants. The data collected from the study were kept confidential and the researcher made sure to keep his personal integrity.

Chapter summary

This chapter provided the research methodology and the methods of data collection which were applied in Ilala District in Dar es salaam region in Tanzania. In this study, in-depth interviews with the key information which made easier for researcher to analyze them qualitatively, structured observation, In-depth interviews, documentaries and use of survey questionnaires were applied. The data collected through questionnaires were analyzed through STATA and binary logit model was used to estimate the youth employability in SMEs.

ANALYSIS, FINDINGS, RESULTS. AND INTERPRETATION

Introduction

This chapter presents and discusses the results following the methodology outlined in chapter three. This chapter is divided into three sections. Section 4.2 presents descriptive analysis of the study and In-depth interviews, section 4.3 discusses the results and interpretation of the logit estimates, and section 4.4 gives summary and conclusion.

Descriptive Analysis

In this study data was collected from 162 respondents. Ninety one (91) are employed, 29 unemployed, and 42 are employers. About 27 respondents are employed in Micro enterprises, 20 in small enterprises, 28 medium enterprises and 16 in large enterprises. Among those who are employed, 55 are male and 36 are female while employers comprised of 23 males and 19 females. Employees aged between 19 to 55 and 31 years on average while employers aged between 23 to 61 and 41.78 years on average. The age at turning point is about 40.54 years. About 61 employees are single, 23 are married and few are widow, separated or divorced. 25 employers are married and 13 are not married.

About 52 percent of employees attained diploma and above, 10 percent attained VETA training, and the rest completed certificate, secondary education or primary education. On other hand, 79 percent of employers had attained diploma and above. Those who are employed have the experience of 1 to 20 years and about 4 years on average.

Furthermore, interviews were made and recorded from 25 SMEs, whereby the majority of employees were willing to air out their views. For the side of employers, most of them were comfortable to use survey questionnaires rather than being interviewed.

Definitions of the variables used in the estimation of logit model for youth employability are presented in Table 2 while some of the descriptive statistics are presented in Table 3 and more details on frequencies and percentages are given in Appendix III.

Reasons for being employed in the SMEs

We examined the reasons for being employed in the SMEs by allowing respondents to rate whether they strong agree, agree, neutral, disagree, or strong disagree to a given reason. Results indicated that, about 29 percent of employees were employed in SMEs in order to get income while approximately 24 percent wanted to have good future (see Figure 3).

Employers on the other hand provided multiple reasons for employing youth in the SMEs. About 21 percent either agree or strongly agree that, employees should be ready to take/receive instructions from employers, youth with creative and knowledgeable, and who are willing to work are likely to be employed (see figure 4).

In-depth Interviews indicated that, the reasons for being employed in the SMEs stated by the majority of the respondents is the problem of employment in our country made that made them finding jobs in SMEs and learn how different activities are done, so that they may be able to start their own business. On the other hand, others claim to be employed to have income and being able to reduce family dependence.

Employment to SMEs and Poverty reduction among the Youth

To assess whether the employment to SMEs reduces poverty among the youth, we recorded the response of employees on what they got from employment and the views of employers on how youth would reduce poverty. About 25 percent of employees enjoy the salary they get from employment, 23 percent enjoy the benefits from employment and about 22 percent were able to start their own business. (See Figure 5)

About 23 percent of employers agree or strongly agree with the premise that youth should save part of their income in order to reduce poverty. About 22 percent suggests youth should have knowledge of poverty and 21 percent emphasised that youth should learn how works are done in SMEs and be creative to start their own business (see Figure 6).

In-depth Interviews were conducted by recording the response of employees on what they get from employment. Respondents stated that, income obtained from their work enable them to reduce family dependency and being able to get loans from financial institutions and open business. While other SMEs advises employees to have a Savings and Credit Cooperative Society (SACCOS) membership in order for them to borrow money and establish business or finance other family activities.

Skills or Professions most required in SMEs

To find out the skills or professions that are required mostly in SMEs, we asked the employees and employers to rate the given skills. The response showed that about 15 and 15 percent of employees agreed or strongly agreed with entrepreneurship and business skills respectively to be the most required skills in SMEs (see Figure 7).

Employers on other hand stated business skills and undergraduate level degree to be the most skills or professions required in SMEs (see Figure 8).

From in-depth interviews, the majority of the respondent explains youth should have creativity skills, leadership skills as well as Team working spirit and believe in themselves when doing job interviews so as to be employable. Moreover, some said, most SMEs require skills which depend on kind of activities that it performs.

Table 2. Definition of Variables

Determinant	Units	Description
Education and Training	Categorical	1=Tertiary Education, 0=Otherwise
Work Experience	Years	Years Worked in the enterprise
Age	Years	Age of Respondent
Age2	Continuous	Squared Age of Respondent
Marital status	1 or 0	Marital status (1= Married, 0= otherwise)
Gender	1 or 0	Gender of the Youth (1 = Male, 0= otherwise)
Perception	1 or 0	1=Believe on equal opportunity in getting job, 0=Otherwise
Entrepreneurship Knowledge	1 or 0	1=Have entrepreneurship knowledge, 0=Otherwise
Availability of Credit Facilities	1 or 0	1=Easy to Access Credit, 0=Otherwise
Social Security	1 or 0	1=Parents are Financially Stable, 0=Otherwise
Community Development	1 or 0	1=Living in Surveyed Area, 0=Otherwise
Health and Social Welfare	1 or 0	1=No major health problems, 0=Otherwise
Employability	1 or 0	1=Employed, 0=Not employed

Source: Author (2016)

Table 3. Descriptive Statistics

Variables	Obs	Mean	Std. Dev.	Min	Max
Employability	120	0.758	0.430	0	1
Education and Training	120	0.108	0.312	0	1
Marital status	120	0.275	0.448	0	1
Work experience	120	3.171	3.440	0	20
Gender	120	0.592	0.493	0	1
Perception	120	0.55	0.500	0	1
Entrepreneurship Knowledge	120	0.492	0.502	0	1
Availability of Credit	120	0.533	0.501	0	1
Social Security	120	0.433	0.498	0	1
Community development	120	0.292	0.456	0	1
Health and Social Welfare	120	0.975	0.157	0	1
Age	120	31.692	7.570	19	55
Age2	120	1061.192	535.889	361	3025

Source: Author (2016)

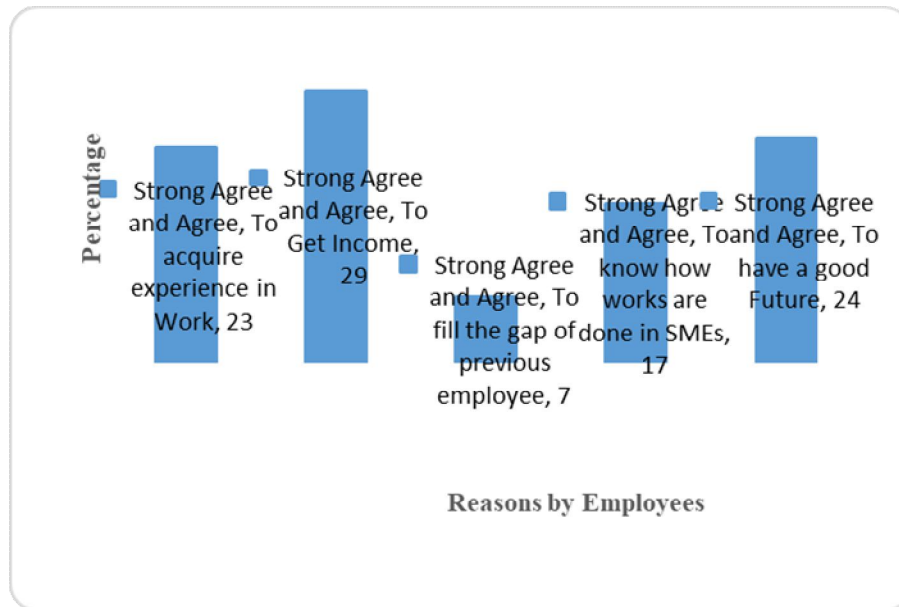


Figure 3: Reasons for being employed in the SMEs: Employee's opinion
Note: Percentage was calculated from employees rating a particular reason as a percentage of 91 employees who were interviewed.
Source: Author's computation from own field data, 2016

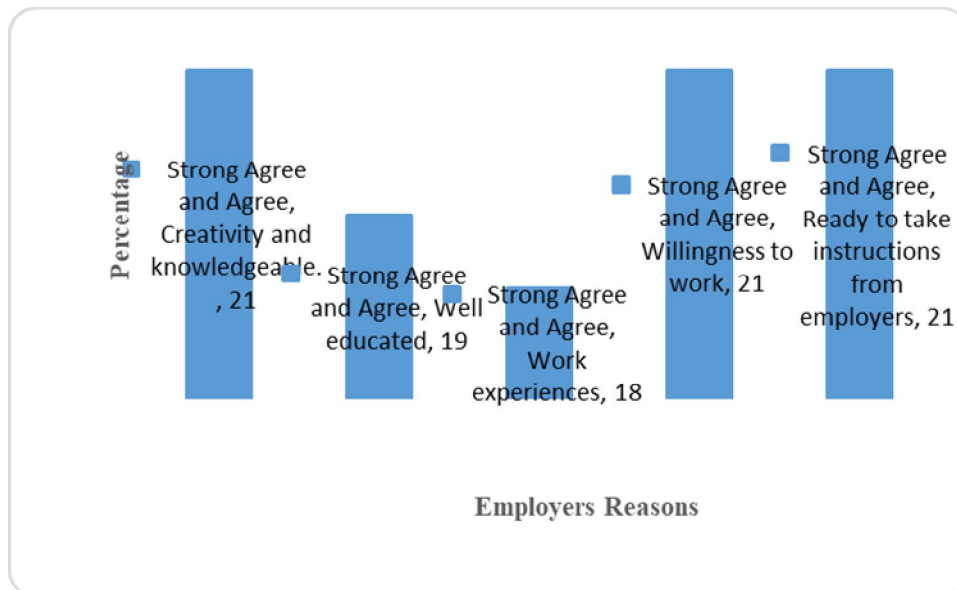


Figure 4. Reasons for employing youth in the SMEs: Employers Response
Note: Percentage was calculated from employers rating a particular reason as a percentage of 42 employers who were interviewed.
Source: Author's computation from own field data, 2016

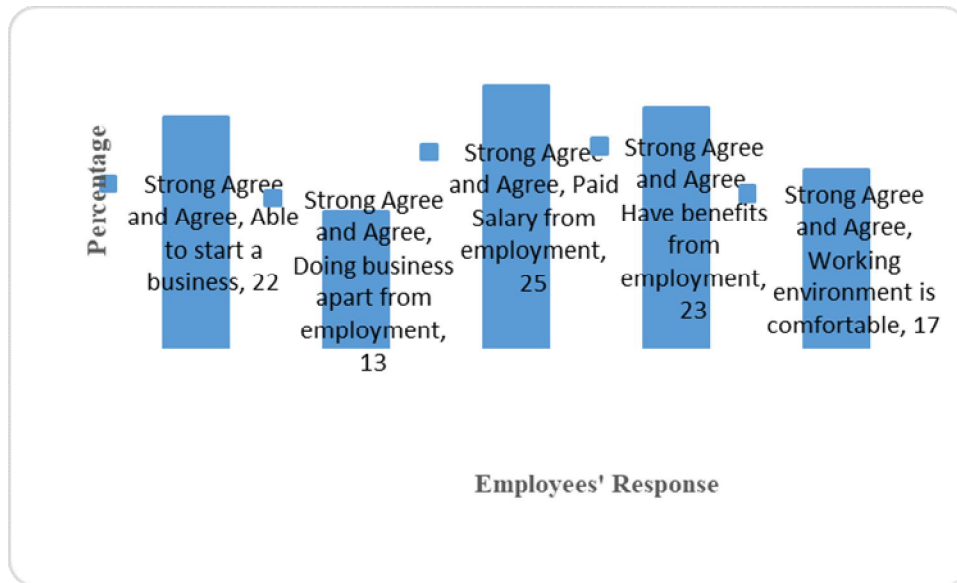


Figure 5: Youth Response on Poverty Reduction Employee's Opinion

Note: Percentage was calculated from employees rating a particular response as a percentage of 91 employees who were interviewed.

Source: Author's computation from own field data, 2016

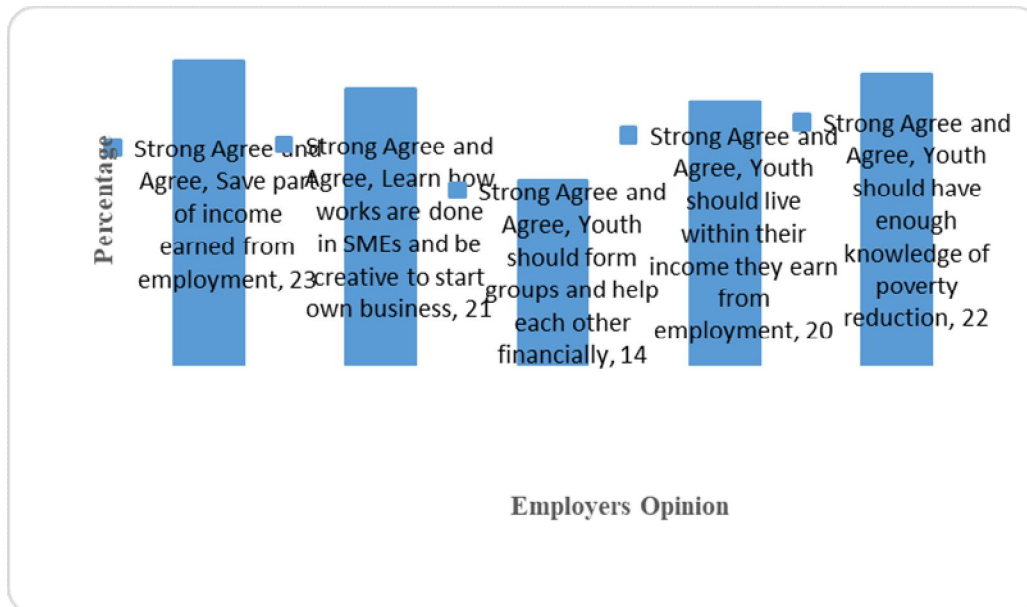


Figure 6: Employers Response on Poverty Reduction among the Youth Employed in SMEs

Note: Percentage was calculated from employers rating a particular response as a percentage of 42 employers who were interviewed.

Source: Author's computation from own field data, 2016

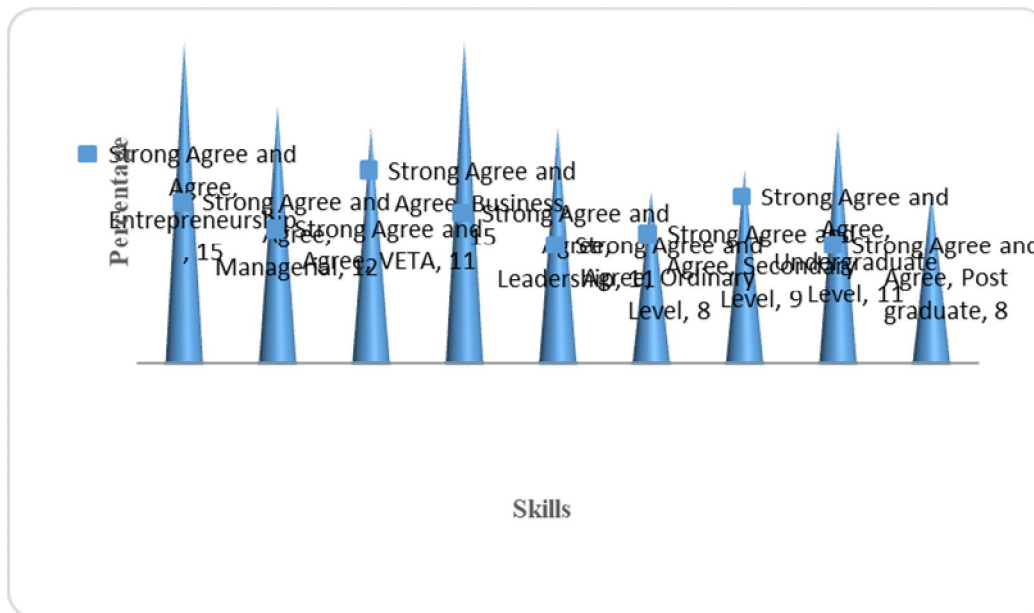


Figure 7: Employees Response on the Skills or Professions most required in SMEs
Note: Percentage was calculated from employees rating a particular skill as a percentage of 91 employees who were interviewed.
Source: Author's computation from own field data, 2016

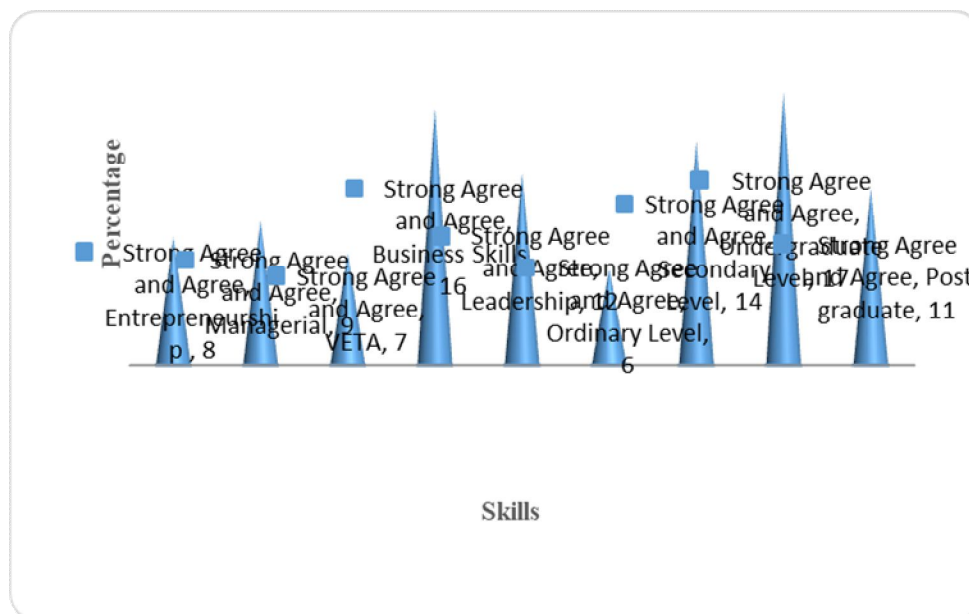


Figure 8: Employers Response on the Skills or Professions most required in SMEs
Note: Percentage was calculated from employers rating a particular skill as a percentage of 42 employers who were interviewed.
Source: Author's computation from own field data, 2016

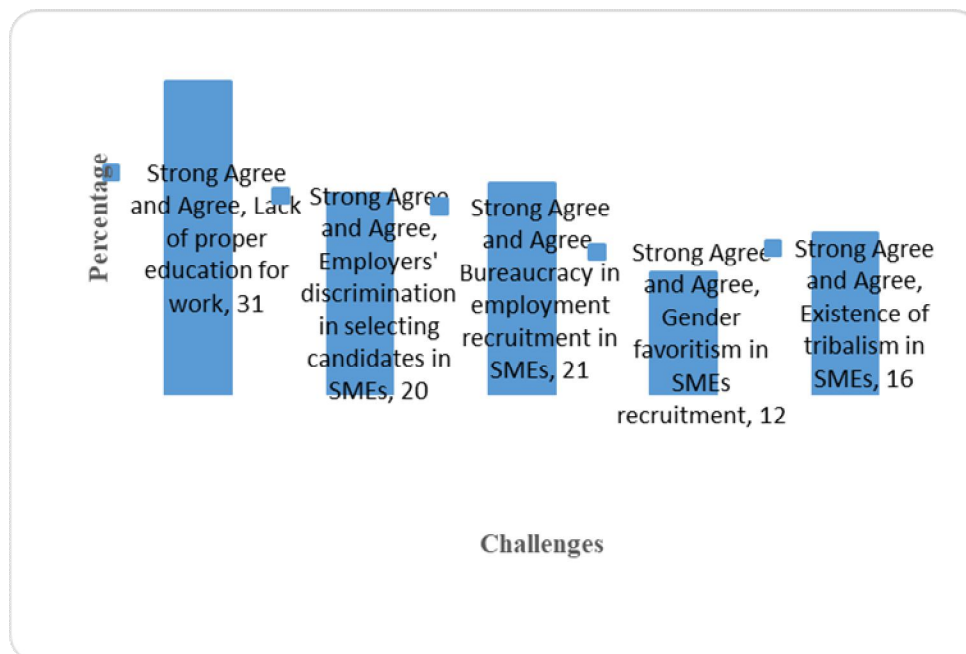


Figure 9: Challenges faced by youth in getting jobs in SMEs: Employees Opinion
Note: Percentage was calculated from employees rating a particular challenge as a percentage of 91 employees who were interviewed.
Source: Author's computation from own field data, 2016

Challenges faced by Youth in getting Jobs in SMEs

The aim of this objective was to gather opinions regarding challenges faced by youth in getting jobs in SMEs. Majority of employees responded to our questionnaire mentioned "lack of proper education" to be the main challenge in getting jobs in SMEs (Figure 9).

Employers on other hand provided their opinion that youth demand high payments compared to work performance, youth do not have proper education for work, and so they become so selective in finding jobs. This is coupled with lack of work experience, leading them to quit jobs prematurely (Figure 10).

In-depth Interviews with respondents revealed different challenges that youth face in getting jobs such as favouritism in job recruitment, bribery, some SMEs have set some qualification range for candidate to be employable, others employers favours candidate in relation whether relatives or co-worker relative. More over some said, employers fail to employ youth since they do not know their work performances and not given opportunity to work.

RESULTS OF LOGIT MODEL AND DISCUSSION

For the analysis to carry on, our model went through various diagnostic tests to avoid making invalid statistical inferences if the assumptions of logistic regression are

not met. The logistic regression requires the true conditional probabilities to be a logistic function of the independent variables; no omission of important variables; no inclusion of irrelevant variables; the independent variables are measured without error; the observations are independent, and the independent variables are not linear combinations of each other. The following tests were conducted to check the reliability of the estimates.

Model Specification Test

We tested whether the model has all the relevant variables and if the linear combination of them is sufficient. The STATA command *link test* after regression is used to detect a specification error. The test uses the linear predicted value (*_hat*) and their squares (*hatsq*). The variable *_hat* has to be a statistically significant predictor, since it is the predicted value from the model while variable *_hatsq* should be insignificant for the model to be correctly specified. If *_hatsq* is significant, then either we have omitted relevant variable(s) or our link function is not correctly specified. Table 3 shows the result of model specification test. From Table 3, it is shown that the model is correctly specified since *_hat* is statistically significant at 1% significance level as reflected by a probability value of 0.004 and the variable *_hatsq* is statistically insignificant with probability of 0.458.

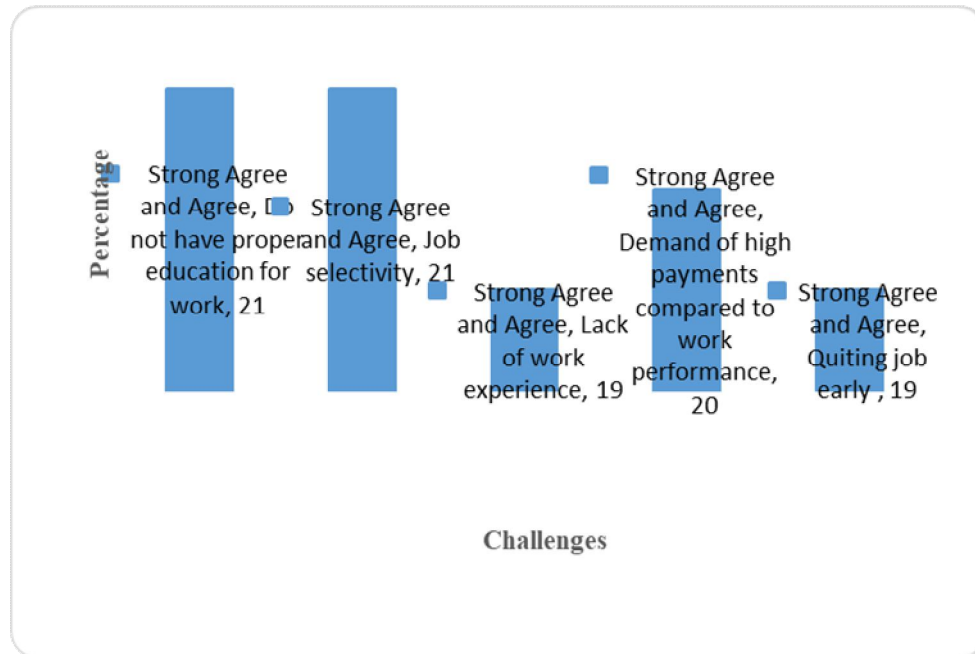


Figure 10: Challenges faced by youth in getting jobs in SMEs: Employers' Opinions

Note: Percentage was calculated from employers rating a particular challenge as a percentage of 42 employers who were interviewed.

Source: Author's computation from own field data, 2016

Table 3: Model Specification Test

Performance	Coefficient	Std. Err.	Z	P>z	[95%Conf. Interval]	
_hat	1.007	0.347	2.90	0.004	0.326 1.688	
_hatsq	0.035	0.047	0.74	0.458	-0.058 0.128	
_cons	-0.098	0.588	-0.17	0.868	-1.250 1.055	
Logistic regression		Number of observations			=	120
		LR chi2(2)			=	112.84
		Prob> chi2			=	0.000
Log likelihood = -9.938		Pseudo R2			=	0.850

Source: Author's Computation from Field Data, 2016

Goodness of Fit Test

Goodness of fit of the model shows how well the model fits the data. There are numerous goodness-of-fit measures such as percent correctly predicted, pseudo R-square, Akaike Information Criterion (AIC), Bayesian Information Criterion (BIC) and other.

The log likelihood chi-square is an omnibus test that tells if our model as a whole is statistically significant. It matches our current model with an intercept model. Our

model is statistically different from the intercept model with the probability of 0.00. On the other hand, a pseudo R-square is the proportion of change in terms of likelihood and in our model, a pseudo R-square is 0.850

The Bayesian Information Criterion (BIC) measures the overall fit of a model and allows the comparison of two models under the assumption that no prior preferences for one model over the other. BIC identifies the model that is more likely to have generated the observed data. We first estimated a model with one omitted variable and

also we estimated a model with additional variable to our model. The results from BIC positively supported our model and not that with one omitted or additional variable.

The Hosmer and Lemeshow's goodness-of-fit test can be used to test model fit under the null hypothesis that, there is no difference between the experiential and predicted values of the outcome variable. This test uses grouping based on the value of the estimated probabilities. The test is obtained by calculating the Pearson chi-square statistic from the $2 \times g$ table of observed and expected frequencies, where g is the number of groups. Hosmer and Lemeshow's test yield a p -value that we use to decide if our model fits the data well. If the results of this test are insignificant, then we fail to reject the null hypothesis, implying that there is no difference between the observed and predicted values of the outcome variable and suggest that the selected model adequately describes the outcome of the study (Bewick *et al.*, 2005 as cited in Martine, 2014). The Hosmer and Lemeshow test results ($\chi^2 = 0.76$, 7 degrees of freedom, $P = 0.998$) indicate that the goodness of fit is adequate.

A Classification table gives the predictive accuracy of a logistic regression model. It involves cross classifying the dependent variable with the categorical variable coming from the fitted logistic probabilities. This table gives sensitivity, specificity, false positive and false negative. Sensitivity of the model is the percentage of successes that have been correctly classified as success while specificity of the model is the percentage of failures that have been correctly classified. False positive is the failures that are incorrectly classified as a success and false negative is the success that is incorrectly classified as failures. Our model sensitivity is 96.70 percent, specificity is 89.66 percent, a false positive is 10.34 percent, a false negative is 3.30 percent and the overall correct percentage was 95.00 percent, which shows that, the model's overall explanatory strength is good.

The discrimination of a model indicates how well the model distinguishes respondents who are employable and those who are not employable. This can be examined using the area under the receiver operating characteristic curve (AUROC). The value of the AUROC is the probability that a respondent who is employed has a higher predicted probability than the one who is not employed (Bewick *et al.*, 2005). We calculated the AUROC and got a value of 0.9932, indicating that the model discriminates well.

Given the above tests of goodness of fit, it is generally observed that our model fits the data well. On other the hand, we should note that, goodness-of-fit is not normally as important as the statistical and economic significance of the independent variables (Wooldridge, 2002).

Multicollinearity Test

Multicollinearity is a linear arrangement of two or more explanatory variables in the model and can have different effects on the model depending on the degree of multicollinearity. For example, it is difficult to find a unique estimate of regression coefficients with all the explanatory variables in the model when perfect multicollinearity occurs. Any relationship among the explanatory variables is a sign of multicollinearity; however, multicollinearity is not a problem. Severe multicollinearity causes the standard errors for the coefficients to be very large (inflated), and the estimated logistic regression coefficients are likely to be unpredictable.

We steered correlation analysis to identify if they're moderate or severe multicollinearity. The correlation of 0.8 or above between two explanatory variables is a sign of severe multicollinearity. The result from Table 5 shows that there is no severe multicollinearity. We too examined tolerance and variance inflation factor (VIF), which are the two regularly used measures of the strength of the interrelationships among the variables.

Tolerance is assigned of the extent of multicollinearity that a regression analysis can tolerate and VIF is an indicator of the extent of the inflation of the standard error which might be caused by multicollinearity. If all of the clarifying variables are completely uncorrelated with each other, then both the tolerance and VIF are 1. If a variable is very closely related to another adjustable or variables, the tolerance approaches to 0, and the VIF is very large. From the result obtained in Table 4, the tolerance is close to 1 and the mean VIF is 1.18 which is very small showing no multicollinearity problem.

Interpretation of the Results in Logit Model

The coefficients of the Logit Model are given in Table 6. The logit model is used to assess the factors affecting enterprise performance. This model gives the estimates that show factors that influence the youth employability in SMEs. Our interpretation is based on the Coefficients that are significant.

Education and Training: The results show that, the coefficient of Education and Training is positive and statistically significant at 1 percent level ($P = 0.009$) for Tertiary Education. This shows that, youths with tertiary education are more employable compared with those who fall in other categories of education.

Working Experience: The results show that, the coefficient of this factor is positive and statistically significant at 1 percent level. This indicates that, the probability of being employed increases as a youth

Table 4. VIF and Tolerance

Variable	VIF = 1/Tolerance	Tolerance
Education and Training	1.06	0.947
Work Experience	1.2	0.831
Age	1.22	0.818
Marital status	1.11	0.902
Gender	1.09	0.915
Perception	1.22	0.820
Entrepreneurship Knowledge	1.26	0.800
Availability of Credit Facilities	1.17	0.851
Social Security	1.28	0.783
Community Development	1.34	0.748
Health and Social Welfare	1.03	0.969
Mean VIF	1.18	

Source: Author's Computation (2016)

become more experienced with a job.

Age: The results show that, the coefficient of this factor is negative and statistically significant at 1 percent level. This indicates that as the age increases, the probability of being employed decreases. This implies that people who fail to get job at their youth are less likely to get employed when are adults.

Perception: The coefficient of this factor is positive and statistically significant at 5 percent level indicating that youth who believe in equal opportunity in getting a job are more likely to be employed compared to those who believe you have to bribe, know employer or any other reasons. This implies that people who do not believe in equal opportunity give up easily in searching jobs and end up being unemployed.

Availability of Credit Facilities: The results show that, the coefficient of this factor is positive and statistically significant at 1 percent level. This indicates that the probability of being employed is high for the respondent with access to credit compared to the one who cannot access credit easily.

Social Security: The results show that, the coefficient of this factor is positive and statistically significant at 5 percent level. This implies that the probability of being employed is higher for the respondent whose parents are financially stable.

On other the hand, we found marital status, gender, entrepreneurship knowledge, community development, health and social welfare to be insignificant factors in explaining youth employability.

CONCLUSION, POLICY. IMPLICATIONS AND RECOMMENDATIONS.

Introduction

This chapter analyses the summary of the study, policy implications and recommendations, and explanations for further research. Section 6.2 gives a summary of findings and final conclusion; section 6.3 points out policy implications and recommendations based. on the findings, and lastly, section 6.4 presents important areas for further research.

Summary of Findings. and Conclusion

Youth unemployment has been among the major problems not only to Tanzanian government and policy makers but also to the society and families at large. 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. This study intends to find out the factors that influence the youth employability in SMEs. Specifically, the study seeks to examine the reasons for being employed in the SMEs, assess whether the employment to SMEs reduces

Table 5: Correlation Analysis

	Educational and Training	Work Experience	Age	Marital status	Gender	Perception	Entrepreneurship Knowledge	Availability of Credit Facilities	Social Security	Community Development	Health and Social Welfare
Education and Training	1										
Work Experience	-0.119	1									
Age	-0.167	0.276	1								
Marital status	-0.035	0.051	0.129	1							
Gender	0.017	0.015	-0.126	0.132	1						
Perception	-0.062	0.163	0.045	-0.193	0.101	1					
Entrepreneurship Knowledge	-0.075	0.170	-0.121	-0.008	0.071	-0.149	1				
Availability of Credit Facilities	-0.050	0.144	0.155	-0.022	-0.131	0.161	0.051	1			
Social Security	0.020	0.168	-0.036	-0.124	0.042	0.216	0.216	0.211	1		
Community Development	-0.047	0.161	-0.095	-0.026	0.011	0.101	0.322	0.270	0.364	1	
Health and Social Welfare	0.056	0.008	0.008	-0.021	-0.024	0.070	0.051	0.064	0.14	0.103	1

Source: Author's Computation from Field Data, 2016

poverty among the youth, find out the skills/professions that are required mostly in SMEs, and identify the challenges faced by youth in getting employment in SMEs. The study employs descriptive analysis from 162 respondents of which 91 are employees, 29 unemployed and 42 are employers in Ilala District and logit model is estimated from 120 employees

and unemployed.

The results from a descriptive analysis indicated that about 29 percent of employees were employed in SMEs in order to get income and 24 percent wanted to have a better future. About 98 percent of employers agree or strongly agree that, employees who are ready to take instructions from employers, creative and knowledgeable, and

who are willing to work are likely to be employed. About 25 percent of employees enjoy the salary they get from employment, 23 percent enjoy the benefits from employment and about 22 percent were able to start their own business while about 23 percent of employers agree or strongly agree with the premise that youth should save part of their income in order to reduce poverty, 22 percent

Table 6: Results from Logit Model

Employability	Coefficient	Robust Std. Err.	z	P> z	[95% Conf. Interval]	
Constant	-19.887**	9.334	-2.13	0.033	38.183	-1.591
Education and Training	5.431***	2.078	2.61	0.009	1.358	9.505
Work Experience	7.199***	1.969	3.66	0.000	3.339	11.058
Age	-0.409***	0.103	-3.98	0.000	-0.611	-0.207
Marital status	0.890	1.634	0.54	0.586	-2.313	4.093
Gender	-1.200	1.170	-1.03	0.305	-3.494	1.093
Perception	7.001**	2.797	2.50	0.012	1.5188	12.483
Entrepreneurship Knowledge	3.035	1.479	2.05	0.040	0.136	5.934
Availability of Credit Facilities	8.498***	2.487	3.42	0.001	3.623	13.374
Social Security	4.082**	1.933	2.11	0.035	0.293	7.872
Community Development	0.414	1.343	0.31	0.758	-2.219	3.047
Health and Social Welfare	14.803	4.291	3.45	0.001	6.392	23.214
Logistic regression			Number of obs		=	120
			Wald chi2(11)		=	32.29
			Prob > chi2		=	0.000
Log pseudo likelihood =	-10.045		Pseudo R2		=	0.848

Note: *** significant at 1%. **significant at 5% *. Significant at 10% level.

Source: Author's Computation (2016)

suggest youth should have knowledge of poverty and 21 percent emphasise that youth should learn how works are done in SMEs and be creative to start their own business. About 15 and 15 percent of employees agreed or strongly agreed with entrepreneurship and business skills respectively being the most required skills in SMEs while employers stated business skills and undergraduate level degree are the most skills or professions required in SMEs. The majority of employees mentioned "lack of proper education" to be the main challenge in getting jobs in SMEs while employers claimed that youth do not have the proper education for work, so selective in finding jobs, lack work experience, demands high payments compared to work performance, and quit jobs early.

Results from logit model indicated that, youths with tertiary education are more employable compared with those who fall in other categories of education, the probability of being employed increases as a youth become more experienced with a job, the probability of being employed decreases. as the age increases, youth who believe in equal opportunity in getting job are more likely to be employed compared to those who believe

otherwise, and also the probability of being employed is high for the respondent with access to credit compared to the one who cannot access credit easily. On the other hand we found marital status, gender, entrepreneurship knowledge, social security, community development, health and social welfare to be insignificant factors in explaining youth employability.

Policy Implications and Recommendations

Based on the findings above, it is clear that measures to overcome youth unemployment are required. Youth should capitalize on education, acquiring entrepreneurship and business skills. Youth should believe in equal opportunity in getting jobs and fight for it until they have it. Youth also should not be too much selective in finding jobs, and should start by volunteering in order to gain work experience and once employed have to focus on high work performance before demand of high payments.

Recommendations for Further Research

The study targeted youths employed in SMEs. Since the challenges facing youth employability are not limited to only SMEs, a similar study can be conducted to investigate factors influencing youth employability in other sectors.

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ABBREVIATIONS AND ACRONYMS

AUROC	-	Area Under the Receiver Operating Characteristic Curve
BLM	-	Binary Logit Model
ESP	-	European Social Partners
GDP	-	Gross. Domestic Product.
GNP	-	Gross. National Product
HEI	-	Higher. Education Institute
HR	-	Human Resource
ILO	-	International. Labour Organization
IYF	-	International. Youth Foundation
LPM	-	Linear Probability Model
MKUKUTA	-	Mkakati wa. Kukuza Uchumi na. Kupunguza Umaskini. Tanzania
MoF	-	Ministry of. Finance
NBS	-	National Bureau of Statistics
NBSR	-	National Baseline Survey Report
NPSW	-	National Panel Survey Wave
OECD	-	Organization for Economic Co-

Operational and Development

SACCOS	-	Savings and. Credit Cooperative. Society
SMEs	-	Small and Medium Enterprises
STATA	-	Is a general-purpose Statistical Software Package used in research
TVET	-	Technical Vocational Education and Training
UN	-	United Nations
UNDP	-	United Nations. Development. Program
UNIDO	-	United Nations. Industrial Development. Organization
URT	-	United. Republic. of Tanzania
VETA	-	Vocational. Education and. Training Authority
VIF	-	Variance Inflation Factor

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APPENDICES

Appendix I: Time Table Schedule for Dissertation Writing 2016

MONTHS →	MAY				JUNE				JULY				AUG				SEPT				O	C	T	N	O	V	DEC												
WEEKS →	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	4	1	2	3	4	1	2	3	4						
Proposal Writing	█																																						
Data Collection													█																										
Data Analysis and Dissertation Writing																																							
Reviewing and Submission																																							
Defending																																							
Graduation																																							

Appendix II: Research Survey Questionnaires

Main Questionnaire

Dear respondent,

This questionnaire is designed for academic study on Factors Influencing Youth Employability in SMEs in Tanzania. The information provided in this questionnaire will be treated confidentially and to be used for the purpose of this study only

Note: Please do not write your name in the Questionnaire.

Section A: For Employees and Unemployed

Tick where applicable

1. Please indicate your gender. male Female
2. What is your marital status: Single Married Widowed Separated Divorced
3. Please indicate your age..... Years
4. Please indicate your academic Qualification on the box below

1	2	3	4	5	6	7
Primary	Secondary	Certificate	Tertiary/Vocational Training. eg. VETA	Diploma	Advanced Diploma/ Degree	Post Graduate (PGDs, Masters, PhDs, Prof.etc)

Please indicate your Employment status: Employed Not Employed

- 6. Please indicate the years you have been employed in the SME..... Years.
- 7. Have you ever attended any entrepreneurship training? Yes [] No []
- 8. Is it easy for you to get Credit? Yes [] No []
- 9. Is one or both of your Parents, financially stable? Yes [] No []
- 10. Are you living in Surveyed Area? Yes [] No []
- 11. Do you have any major health problems? Yes [] No []

Section B: For Employees

Please rate your level of agreement with each of the following statements using the scale described below by put a sign of tick on each box as you read each sentence.

Strongly Agree [SA], Agree [A], Neutral [N], Disagree [D], Strongly Disagree [SD]



1. **Reasons for being employed in the SMEs**-Indicate the reasons which led you to be employed to SMEs

S N	STATEMENT	OPINION				
		SA	A	N	D	SD
i.	To acquire experienced in work					
ii.	To get income					
iii.	To fill the gap of previous employee					
iv.	To know how works are done in SMEs					
v.	To have good future later					

2. **Reduction of Poverty by SMEs**-Is the employment to SMEs reducing poverty.

S N	STATEMENT	OPINION				
		SA	A	N	D	SD
i.	Since you were employed are you able to start your own business?					
ii.	Are you doing business apart from this employment?					
iii.	Are you paid salary from your employment?					
iv.	Do you have benefits from your employment					
v.	Is the working environment comfortable					

3. The Skills/Professionals that are required in your company (SME)-Indicate the kind of skills/professionals that are required in SMEs and assist to get income.

SN	STATEMENT	OPINION				
		SA	A	N	D	SD
i.	i. Entrepreneurship Skills					
ii.	ii. Managerial skills					
iii.	iii. Tertiary Skills					
iv.	iv. Business Skills					
v.	v. Leadership Skills					
vi.	vi. Ordinary Level					
vii.	vii. Secondary Level					
viii.	viii. Undergraduate level					
ix.	ix. Post graduate level					

4. The challenges that youth face in getting jobs in SMEs-Indicate the kind of challenges that youth face in getting jobs in SMEs.

SN	STATEMENT	OPINION				
		SA	A	N	D	SD
i.	i. Lack of proper education to work					
ii.	ii. Employer's discrimination in SMEs					
iii.	iii. Bureaucracy in employment recruitment in SMEs					
iv.	iv. Gender's Favoritism in SMEs					
v.	v. Tribalism in most SMEs					

Please indicate bellow the kind of your SME/Organization/Business bellow.

Tick Here ↓	Business Size	Number of Employees
	Micro enterprise	1 to 4
	Small enterprise	5 to 49
	Medium enterprise	50-99
	Large enterprise	100+

Thank You.

Employer's Questionnaire

Dear respondent,

This questionnaire is designed for academic study on Factors Influencing Youth Employability in SMEs in Tanzania. The information provided in this questionnaire will be treated confidentially and to be used for the purpose of this study only

Note: Please do not write your name in the Questionnaire.

Section A

Tick where applicable

1. Please indicate your gender: Male [] Female []
2. Please indicate your marital status: Single [] Married [] Widowed [] Separated [] Divorced []
3. Please indicate your ageyears
4. Please indicate your academic Qualification on the box below

5. For have	1	2	3	4	5	6	7	how long you been
	Primary	Secondary	Certificate	Tertiary/Vocational Training. eg. VETA	Diploma	Advanced Diploma/ Degree	Post Graduate (PGDs, Masters, PhDs, Prof.etc)	

working/employing youth.....years

Section B

Please rate your level of agreement with each of the following statements using the scale described below:

Strongly Agree [SA], Agree [A], Neutral [N], Disagree [D], Strongly Disagree [SD]

1. **Reasons for youth being employed in your SMEs-**As employer, indicate the reasons which makes youth getting job in the SMEs

SN	STATEMENT	OPINION				
		SA	A	N	D	SD
i.	Youth need to be creative and knowledgeable.					
ii.	Youth should be well educated					
iii.	Youth should have work experiences					
iv.	Youth should be willing to work					
v.	Youth should be ready to instructions from supervisors/employers					

2. Reduction of Poverty by SMEs-As an employer, how will SMEs reduce poverty from someone who is employed?

S N	STATEMENT	OPINION				
		SA	A	N	D	SD
i.	Youth should save part of their income/salary/wage they get from employment					
ii.	Youth should learn how works are done in SMEs and be creative to start their own business					
iii.	Youth should form groups and help each other financially					
iv.	Youth should live below their income					
v.	Youth should have enough knowledge of poverty reduction apart from the employment.					

3. The Skills/Professionals that are required mostly in your SMEs-As an employer, kindly indicate the kind of skills that are required for someone to be employed into your SMEs

SN	STATEMENT	OPINION				
		SA	A	N	D	SD
i.	i. Entrepreneurship Skills					
ii.	ii. Managerial skills					
iii.	iii. Vocational Skills					
iv.	iv. Business Skills					
v.	v. Leadership Skills					
vi.	vi. Ordinary Level					
vii.	vi. Secondary Level					
viii.	vi. Undergraduate level					
ix.	ix. Post graduate level					

4. The challenges that youth face in getting jobs in the SMEs-Indicate the kind of challenges that youth face in getting jobs in the SMEs.

SN	STATEMENT	OPINION				
		SA	A	N	D	SD
i.	Many do not have proper education for the works done in SMEs					
ii.	Many youths are selective in Jobs finding					
iii.	Many youths do not have work experiences					
iv.	Many demand high payment rather than work performances					
v.	After employment, some youths do not stay, they quit early the job					

Please indicate bellow the kind of your SME/Organization/Business bellow.

Tick Here ↓	Business Size	Number of Employees
	Micro enterprise	1 to 4
	Small enterprise	5 to 49
	Medium enterprise	50-99
	Large enterprise	100+

Thank You

**Appendix III
Frequencies and Percentages**

Variables	Category	Frequency	Percent	Cumulative Percent
Education and Training	Tertiary Education	13	10.83	10.83
	Otherwise	107	89.17	100.00
Marital status	Not married	87	72.50	72.50
	Married	33	27.50	100.00
Gender	Female	49	40.83	40.83
	Male	71	59.17	100.00
Perception	Believe Equal opportunity	66	55.00	55.00
	Otherwise	54	45.00	100.00
Entrepreneurship Knowledge	Entrepreneurship skills	59	49.17	49.17
	Otherwise	61	50.83	100.00
Availability of Credit Facilities	Easy to Access Credit	64	53.33	53.33
	Otherwise	56	46.67	100.00
Social Security	Financially Stable Parents	52	43.33	43.33
	Otherwise	68	56.67	100.00
Community Development	Living in Surveyed Area	35	29.17	29.17
	Otherwise	85	70.83	100.00
Health and Social Welfare	No major health problems	117	97.50	97.50
	Otherwise	3	2.50	100.00
Employability	Employed	91	75.83	75.83
	Not employed	29	24.17	100.00

Source: Author's Computation (2016)