

Effect of Social Economic Development on Youth Employment in the Informal and Formal Sectors in Nairobi Kenya

Susan M. Were

*PhD, Research Associate, College of Economic and Management Sciences
University of South Africa; susanwere@gmail.com*

*Lecturer, Jomo Kenyatta University of Agriculture and Technology
P.O. Box 62000-00200 City Square, Nairobi-Kenya*

ABSTRACT

The central problem of the study was that despite government interventions, youth unemployment still remains a challenging policy area in Kenya with unemployed youth engaging in antisocial behavior like drug abuse, drinking and crime. Factors leading to unemployment have not been adequately investigated. The study sought to assess how social economic development affects youth employment in the formal and informal sectors in Nairobi, Kenya. The study adopted a mixed research design including exploratory, descriptive survey and quantitative design. The target population of the study was 2000 composed of all postgraduate students (assumed employers) and all undergraduate students (potential employees) of Jomo Kenyatta University of Agriculture and Technology, Nairobi CBD Campus, Entrepreneurship and Procurement Department. The study used stratified random sampling method to select a sample size of 150 respondents. Data was analyzed using both descriptive and inferential statistics. The findings of the study show that social inequality, economic activities, status and background, ethnic bias, method of recruitment and the macro environment are all significant factors in explaining youth employment in Kenya. The study recommended that government and policy makers should create specific measures to improve the macro environment, making it conducive for investors; create interventions to increase economic activities; strengthen laws and regulations to reduce ethnic bias and social inequality and promote furtherance of fairness and equality.

Keywords: youth employment; social economic development; Kenya

I. INTRODUCTION

A. Background of the Study

Global unemployment rate stood at 197.1 million in 2015 (Economic Survey 2016) while World Real Gross Domestic Product (GDP) growth decreased to 3.1% in 2015 from 3.4% in 2014. High rates of youth unemployment represent both widespread personal misfortunes for individuals and lost opportunity for critical national and global economic development. Unemployment among the youth has been shown to have lifelong effects on income and employment stability, because affected young people start out with weaker early-career credentials, and show lower confidence and resilience in dealing with labor market opportunities and setbacks over the course of their working lives. Youth employment is one way to make Africa a strong, united, resilient and influential global player and partner (World Bank, 2015). On the African continent youth unemployment has highly contributed to most of the youth engaging in crime and violence and has fueled the high prevalence of civil conflict in the region (Natrass, 2002b). Youth unemployment has also contributed to the increase in international legal and illegal migration with a notion that it will enable them to get decent employment as well as better life.

Franz and Omolo (2014) found that youth tend to find employment in the informal rather than in the formal sector. According to UNDP (2013), 37% of household enterprises are owned by the youth. Despite this percentage, youth employment remains a key policy concern as articulated in the 2030 Agenda for Sustainable Development of the United Nations Goal 8 on decent work and economic growth. African Union (AU) agenda 2063 articulates that youth unemployment will be eliminated, and Africa's youth guaranteed full access to education, training, skills and technology, health services, jobs and economic opportunities, recreational and cultural activities as well as to allow them to realize their full potential. In both developing and industrialized countries youth are more susceptible to issues such as "long working hours, work with short-term and/or informal contracts, low pay and little or no social protection" (ILO, 2004, p.1).

Kenya's population is growing by about 1 million persons each year. The high population growth rate of the past results in today's youth bulge. Young people (aged between 18 and 34 years old) constitute more than a third at 35% of the entire population. This represents great economic and social opportunities, but also enormous challenges. At the forefront of these challenges lies the high unemployment rate among young people, which is estimated to be double the national level of unemployment of 17.3% as compared to about 6% for both Tanzania and Uganda in East Africa. This unemployment rate in Kenya among the youth is also among the highest in the world, World Bank (2016). However, Kaane (2014) points out that youth unemployment is at 67%. The government has already undertaken substantial efforts to address youth unemployment and foster the creation of decent jobs.

In addition to implementing the long-term development strategy Vision 2030 along with its operational plan, the Medium Term Plan, the Kenya government initiated the Youth Enterprise Development Fund (YEDF) to improve lending through financial intermediaries, there is the Constituency Youth Enterprise Scheme (C-YES) which funds enterprises of youth groups in all constituencies. YEDF seeks to increase access to capital by young entrepreneurs in order to reduce the level of youth unemployment in the country

(Government of Kenya 2011). The government has also made important improvements to the education system, such as offering free universal primary education. However, several challenges still remain. Economic and social policies need to be more efficient and take advantage of the opportunities a large youth population offers while adequately tackling inherent challenges. It is assumed that the country will greatly benefit from reducing the unemployment rate by creating more decent jobs and making growth more inclusive.

An emerging issue that has complicated unemployment is the NEET syndrome (those discouraged workers who are neither in education, employment nor in training). The discouraged workers are those who have given up looking for work since they believe there is no opportunity for them in the labor market (ILO, 2004). The incidence of the discouraged worker phenomena is higher among adults in some countries and it is higher for youth in other countries (ILO, 2004). The NEET rate is considered to be a useful measure of “non-utilized labor potential of the youth population” (ILO, 2006).

1. Global Perspective of Youth Employment

According to Ryder (2016), 73.3 million of the 200 million globally unemployed are young people (aged between 15 and 24). In two-thirds of European economies, youth unemployment remains above 20% and more than one in three unemployed young people have been looking for work for more than one year. The global rate of youth unemployment is increasing and more young people are dropping out of the labor market entirely and are more likely to be registered as unemployed (ILO, 2015).

Young people in Southern Europe have found themselves victims of an economic crisis that they had no part in creating. The prevalence of young people in sectors and industries disproportionately affected by the crisis, as well as the number of young people that were in precarious and temporary employment, resulted in a spiraling rate of youth unemployment in the region. In both Greece and Spain more than 50% of young people are out of work and in other countries such as Italy and Portugal more than one third of young people are unemployed. Such elevated levels of youth unemployment in Europe have already had social implications, with increased level of crime, alcohol and drug addiction and civil unrest in many regions (Ryder, 2016).

This has particularly been the case in the South and South-East of Europe, most notably in Greece. These disparities between youth unemployment rates have revealed a social and economic gap within Europe which could have dramatic long-term consequences. Recent austerity measures have not only failed to solve this issue but have actually worsened it and have placed the future of an entire generation at risk. The effects of this crisis are forcing many young people to leave their home countries and sometimes continental Europe entirely, to look for better opportunities. This is generating a brain drain effect which will become difficult to reverse (Lewis, 2012).

One may imagine that China – perhaps the world's only economic powerhouse at this moment – would have a low youth unemployment rate. This is supported by official figures with youth unemployment standing at 4.1% in 2010 based on metrics that are not internationally recognized. This picture is different if we turn to other sources, for instance, a report prepared by the (China Household Finance Survey in 2012) which puts China's youth unemployment at 8.1%. Others suggest the rate to be as high as 20%. The less educated are far more likely to be employed, since China's economy has insofar been

driven by three sectors: export- driven manufacturing, construction and large energy and capital intensive heavy industries dominated by the state, none of which offers large numbers of white collar jobs suitable for university graduates, Terence and Esposito, (2014).

In North Africa, unemployment rates (among a generally more educated labour force) are quite high (23.8% estimated in 2012, with a 3 percentage point increase between 2010 and 2011 and a steady increase since 2007) and projected to remain high over the next five years. Unemployment can arguably be considered to be at the root of the Arab Spring uprisings. At the same time, labor force participation rates for women at 33.4% in 2012 (right after the Middle East) are the second lowest in the world (ILO, 2015).

Spain has had one of the highest unemployment rates in the EU for several years. More than 45% young Spanish are out of work. This can be traced back to various factors including uncompetitive firms, rising costs in the economy. The Spanish economy was further badly affected by the property boom and bust. Ironically, another cause of youth unemployment is strong labor protection by existing workers who have good contracts with strong safeguards against redundancy. There are also concerns about the quality and validity of education and vocational training within Spain (Pettinger, 2011).

2. Regional Perspective of Youth Employment

According to the International Labor Organization (ILO) definition, Uganda's measured unemployment rates are relatively low for the region though they have been increasing over time (from 1.9% in 2005/06, to 3.6% in 2009/10, and recently to 5.1% in 2012). At the same time, the characteristics of the unemployed vary widely. Urban youth are more likely to be unemployed (12%) than rural youth (3%). In addition, female youth are twice as likely to be unemployed compared to male youth, Ahaibwe and Mbowa (2014). Causes of youth unemployment are believed to be multifaceted, ranging from an inadequate investment/supply side of jobs, insufficient employable skills (i.e., youth possess skills that are not compatible with available jobs) and high rates of labor force growth at 4.7% per annum Ahaibwe and Mbowa (2014).

Youth unemployment in Tanzania is among the major challenges not only to the government and policy makers but also to the society and families. With high poverty rates in the country, most families have high expectations that their children will find jobs and contribute to the families' development. According to the ILO (2006) most of the young people in the country are facing many difficulties when it comes to their integration into the labor market when searching for decent and productive jobs. Statistics show that 33% of the total population of the country is young people, which also make 68% of the total active labor force (NBS-ILFS, 2010). The youth unemployment problem in the country is characterized by lack of employment opportunities in both urban and rural areas which results in underutilization of the majority of the labor force. A study by Mjema (1997), on youth unemployment in Tanzania reported that factors such as education system, lack of skills in business training, skills mismatch, inadequate credit facilities, emphasis on formal sector alone, non-attractive agricultural sectors, gender imbalance and inadequate information were the key determinants of youth unemployment.

In Ethiopia, the unemployment rate for urban youth is 37.5% as opposed to 7.2% for rural youth (Caveat: rural youth face high levels of underemployment). Among the many contributing factors, most notable are the low absorption capacity of the formal sector, the low rate of employment creation, and the skills shortage as well as the lack of entrepreneurship of the youth.

With around 50% of the urban men between age 15 and 30 unemployed, Ethiopia has one of the highest unemployment rates worldwide. Causes of the unemployment are attributed to skills mismatch, poor economic performance, low levels of education and lack of quality skills, high population growth, lack of entrepreneurship and lack of career advice.

3. Kenyan Perspective of Youth Employment

In Kenya, the youth are defined as persons aged between 15 and 35 years (ROK, 2010a). World Bank defines employment as persons of working age who are engaged in any activity to produce goods or provide services for pay or profit, whether at work, during the reference period or not at work due to a temporary absence from a job or to work-time arrangement. In Kenya, the young aged 15 to 35 years constitute two thirds of the workforce with approximately 800,000 young workers entering the labor market every year (Franz and Omolo, 2014). The Kenya labor market is basically dual in nature defined by a small formal and a large informal sector. Long term trends and dynamics of employment in Kenya show a declining number of jobs being created in the formal sector as compared to the informal sector (Franz and Omolo, 2014).

Kenya's employment creation interventions in 1990 have seen the government emphasize use of short, medium and long term measures as means of employment creation including but not limited to: The National Youth Service; Kenya National Youth Development and Training; Uwezo Fund; Kuza Youth Employment Project in Mombasa launched in May 2014 (funded by UK); Children Lead The Way (funded by CIDA via Save Canada); Youth Save (Funded by Master Card Foundation Via Save US); Yes Youth Can (Funded by USAID); Kenya Youth Employment Initiative (Funded by USAID 2010-2012); Kenya Youth Empowerment Project, KYEP (funded by World Bank), Women Enterprise Fund(WEF); Youth Enterprise Development Fund(YEDF); Kazi Kwa Vijana; Youth Entrepreneurship Facility (YEF). Despite these interventions youth unemployment remains an issue of great concern.

Mass joblessness, especially among the sprightly and innovative youth, is a drag on the economy because it forces unemployed adults to depend on the small working class, stretches family resources and consumes savings for future investments. The World Bank report notes that mass unemployment continues to deny Kenya the opportunity to put its growing labor force to productive use, thereby "denying the economy the demographic dividend from majority young population". World Bank economists say the problem is mainly compounded by the fact that Kenya's ability to create new jobs has lagged behind population growth, resulting in narrow formal opportunities, especially for entry-level workers fresh from college.

Kenya's public schools have remained rickety for years, weakened by acute lack of teachers who have in the past staged frequent strikes to push for higher pay. This has seen learners in public schools trail their counterparts in private institutions whose high fees lock out many households. Unemployment has also been fanned by the view among

companies that fresh graduates lack specialized skills and experience needed to perform tasks, World Bank Report (2016).

The youth face many challenges while seeking for employment. These include limited employment opportunities against a fast growing pool of employment seekers; lack of requisite skills sought by industry due to mismatch of TVET acquired skills and industry expectation; and poor access to information on available opportunities. Other measures are: gender and cultural biases; ethnicity and corruption; unfavorable geographical distribution of jobs; and limited career guidance. Job seekers cite limited financial resources, lack of relevant skills and experience as major obstacles (Kaane, 2014).

II. STATEMENT OF THE PROBLEM

The Youth in Kenya account for about 32% of the population or 9.1 million people. These form 60% of the total labor force. Despite this, opportunities are very scarce to absorb them in the job market. Unemployment is a major challenge that affect the youth across Kenya. Approximately 800,000 young Kenyans enter the labor market every year and youth unemployment is estimated to be as high as 17.3% compared to the overall national unemployment rate of 10% (ROK, 2015). However, Kaane (2014) puts the rate of youth unemployment at 67%.

Further, some of those absorbed are doing jobs that do not match their qualifications and specialization. Approximately 500,000 graduates from various tertiary institutions enter the job market annually. However, due to low economic growth, rampant corruption, nepotism and demand for experience by potential employees, majority of the youth remain unemployed. Employers have exposed the youth to underemployment and exploitation. The unemployment problem requires a change of law and provision of an enabling environment for youth to encourage self-help initiatives for self-employment. A strong dynamic and empowered youth is critical in catalyzing and driving the transformation envisioned in the Kenya constitution.

Despite remarkable steps and interventions by the government, youth employment challenges persist. By 2011 nearly 40% of Kenyan youth aged 14-35 were neither in school nor at work with the informal sector activity forming nearly 80% of the jobs (Balwanz, 2012). Low economic growth, which is manifested in low economic activity and low investment, entails low overall job creation (Republic of Kenya, 2011a).

Most recently, policies aiming at employment creation have also focused on young people. Important initiatives in this regard are the Sector Plan for Labor, Youth and Human Resource Development Sector (2008–2012) and the Kazi KwaVijana (KKV) programs. Launched in April 2009, the KKV aims at annually employing between 200,000 and 300,000 young people in rural and urban areas in labor-intensive public works projects that are implemented by different government ministries (Office of the Prime Minister, 2011). Despite these interventions youth unemployment still remains a key area of concern.

Being unemployed could lead to the risk of poverty, social exclusion, reduced happiness, mental health challenges, loss of skills and talents (Wilson, 1992). Poverty effects on unemployed young people's families include "considerable cognitive, health, nutrition and psychological deficits" for children raised in poverty (Sum, Pond, and Palma, 2002). Agnew (1992) hypothesized that joblessness triggers frustration and anger,

which in turn may lead to violent behavior. Chronic unemployment is associated with increased incidence of criminal behavior since the youth have a lot of free time (ILO, 2000; Kotloff, 2004). Hostility and rebellion are other negative effects (cf. DellaVigna and Paserman, 2005). Joblessness could also be linked to consumption of various criminogenic goods; e.g. alcohol and narcotics (drug and substance abuse). A lot of literature has claimed that unemployment has long-lasting effects on the labor market performance, especially among youths (e.g., Ellwood, 1982; Nordström, 2011). It has for instance been argued that joblessness depreciates human capital (e.g. Edin and Gustavsson, 2008). High rates of youth unemployment also represent a wasted resource for developing economies. If not controlled these may destabilize families and the social equilibrium upon which a great economy is founded. It was against this background that this study sought to investigate the effect of social- economic development on youth employment.

A. General Objective of the Study

The main objective of the study was to find out the effect of social economic development on youth employment in the formal and informal sectors in Nairobi, Kenya.

1. Specific Objectives

- i. To establish how social inequalities, affect youth employment in the formal and informal sectors in Nairobi, Kenya
- ii. To assess how economic activities, affect youth employment in the formal and informal sectors in Nairobi, Kenya
- iii. To find out how status and background affect youth employment in the formal and informal sectors in Nairobi, Kenya
- iv. To ascertain how ethnic biases, affect youth employment in the formal and informal sectors in Nairobi, Kenya
- v. To determine how method of recruitment affects youth employment in the formal and informal sectors in Nairobi, Kenya.
- vi. To examine how the macro environment affects youth employment in the formal and informal sectors in Nairobi, Kenya.

III. JUSTIFICATION OF THE STUDY

The research aimed at establishing new data, new models, new interpretation as well as new frontiers of knowledge that would be of importance to various stakeholders interested in employment matters. Due to lack of sufficient employment opportunities the youth are not able to support themselves and therefore become dependent on relatives and guardians. This has an impact both to the government and the general society. The government misses out on tax payers, families lack bread winners and productivity is generally lowered. Youth become involved in vices like drug and substance abuse. This becomes a challenge to the attainment of the three pillars of Kenya's Vision 2030 - Economic, Social and Political on a national basis.

Aligning itself to Vision 2030, employment is key towards realizing the economic pillar. This underscores the urgent need for research to explore factors that affect unemployment. Specifically, the study will benefit the following:

A. Government and Policy Makers

The study would be of importance to government and policy makers on issues that affect the effectiveness of employment policies. This would help the leaders to draw up policies that can ensure better employment of the youth.

B. Researchers and Scholars

The study would also be of benefit to other scholars and researchers by making a contribution to the existing body of knowledge and the findings can also be used as a foundation for further research.

C. Prospective Employees in Kenya

The study exposed dynamics around employment hence the prospective employees will be able to understand the causes of unemployment and take necessary mitigation measures.

D. Employers

The study revealed information around the various variables and this will serve to inform prospective employers on matters around youth employment so that they make informed decisions that enhance employment.

E. International Community and Investors

They will get an understanding of factors that affect youth employment in Kenya, this will provide a platform for them to create interventions that spur economic activities that enhance youth employment and make policies that will encourage employment creation.

IV. THEORETICAL REVIEW

A. Social Economic Development Theory

Building on the historical pattern of the then developed countries, Rostow (1960) claimed that the transition from underdevelopment to development would pass through five stages: the traditional society, the preconditions for take-off, the take-off, the drive to maturity and the age of high mass consumption. The decisive stage is the take-off, through which developing countries are expected to transit from an underdeveloped to a developed state. Increasing rate of investments is considered to be necessary to induce per-capita growth. Like Rostow's stages growth model, the Harrod-Domar model emphasized that the prime mover of the economy is investments (Besley and Ghatak 2003). Every country therefore needs capital to generate investments, such investments

then increase opportunities for job creation. If domestic savings were not sufficient, foreign savings would be mobilized.

Although Rostow (1960), Harrod (1948) and Domar (1947) were right about the important role of investments as being most closely correlated with the economic growth rate that in turn had a strong influence on job creation, this is not the only condition for a country to develop. A single production function is simply assumed for all countries (Adelman 2000). Every economy is assumed to have the same necessary conditions and would pass through the same phasing, stage by stage. But that economic growth path, which historically had been followed by the more developed countries, is not the only one pathway. The development process is actually highly nonlinear (Chenery, 1960; Chenery and Syrquin, 1975). Countries may pursue distinct development paths (Morris and Adelman 1988). Economies may miss stages, or become locked in one particular stage, or even regress depending on many other complementary factors such as managerial capacities, and the availability of skilled labor for a wide range of development projects (Todaro and Smith 2009). This theory supports the fact that economic activities including investment acts as a platform for job creation thus reducing unemployment.

B. Insider-Outsider Theory of Employment

Insider outsider theory is due to research by Assar (1984) and Dennis (1994). The insiders are the incumbent employees whose positions are protected by various employment-preserving devices due to their seniority. The outsiders are those who lack protection. They are either unemployed or get work only temporarily or in some societies have jobs in the informal sector. The insiders are much more influential than outsiders. The insider-outsider theory examines the behavior of economic agents in markets where some participants have more privileged positions than others. This theory articulates that it is more difficult for an outsider to get a job since they do not have requisite information on what works well.

The insiders are those incumbent workers who enjoy more favorable employment opportunities than the outsiders. The reason for this disparity is that firms incur labor turnover costs when they replace insiders with outsiders. Examples of labor turnover costs are the costs of hiring, firing and providing firm-specific training. Insiders may resist competition with outsiders by refusing to cooperate with or harassing outsiders who try to underbid the wages of incumbent workers. As a result, vital information remains with the insiders at the peril of the outsiders (Lewis, 2012).

V. EMPIRICAL REVIEW

The importance of social economic development in labor markets is an issue of concern to many countries. According to ILO (2011), a country with low economic activities where the business environment does not support the easy startup of business makes a high contribution to the youth unemployment. Youth unemployment has also been related to family background (Gini and Pozzoli, 2009), country aggregate demand (O'Higgins, 1997), experience gap (Caroleo, Ernesto and Pastore, 2007) as well as demographic related factors (Green et al., 2001). The study by Dimian (2011) investigated the determinants of youth labor market performance and their influences on

the future economic and social development of the CEE countries. The study reported that youth unemployment has negative impact to country's gross domestic product (GDP). The study also found that, countries with high rate of youth employed in agriculture have a lower youth unemployment problem.

Further empirical evidence on youth unemployment includes the study by Dimitrov (2012) which examined youth unemployment in Bulgaria. The study reported that youth unemployment problem was high in the country and factors such as early school leaving age, low education quality and business cycle were the key determinants of youth unemployment. The study also found that social status and family background have great impact on youth unemployment. If parents or one of the parents are unemployed, inactive, had low education, illiterate, without skills and qualification, lived in poverty, belonged to particular ethnic groups; then the same were likely to be replicated among their young people.

The study by Bruno and Cazes (1998) presented an overview of French youth unemployment. The findings of the study indicated high unemployment rate among the youth in France as a result of labor market conditions linked to low economic activity level. The study also reported that high labor cost, youth to adult unfavorable job competition, lack of qualification, unsupportive wage system and unsustainable training have high contribution to youth unemployment in the country.

A comparative study of youth unemployment in Germany and United Kingdom also provides evidence of high youth unemployment rates. The study concluded that gender, education and experience are the key individual risks which contribute to youth unemployment. The study found that female youth were at a disadvantage to acquire jobs in Germany while males were at the disadvantage side in United Kingdom (Isengard, 2003). Likewise, the study by Awogbenle and Iwuamandi (2010) examined the constraints that impede young people in search of non-existing jobs in Nigeria. The study reported that facilitating self-employment, bringing alienated and marginalized youth back into the main economic stream, facilitating skills and experience development and promoting innovations are some of the possible solutions to the youth unemployment problem in the country.

The study by Mpanju (2012) analyzed the impact of foreign direct investment inflows on employment creation in Tanzania. Among the key findings of the study was that foreign direct investment inflows have high impact on employment creation in Tanzania. With such findings, it was recommended that the country should create a good environment to attract foreign direct investment in the country.

VI. RESEARCH GAPS

Based on the literature reviewed several studies have been conducted on factors affecting employment in many countries. Most of the studies have concentrated on demographic factors, lack of skills/skills mismatch, poor educational quality and high population growth as factors influencing employment. However, in Kenya studies have not been done to establish the influence of social economic development on youth employment. Also most of the studies used only a descriptive approach while this study used a mixed research approach.

VII. METHODOLOGY OF THE STUDY

The study adopted an exploratory approach using a descriptive survey design, which ensured ease in understanding the current status with insight and ideas about the area of study (Kendra, 2009). The descriptive approach has enough provision for protection of bias and maximized reliability. Descriptive design uses a preplanned design for analysis (Mugenda and Mugenda, 2003). The area of investigation is new and this study needed to do an exploration so as to learn something about the dilemma facing youth employment (Cooper and Schinder, 2003). Using simple random sampling 150 respondents were selected representing 7.5% of the total population. Mugenda and Mugenda (2003) suggest that for a population of few thousands a sample size of 5-10% is adequate, therefore a 7.5% sample was considered representative of the population. Therefore, the study targeted 2000 post graduate students (employers) and undergraduate students (prospective employees) at Jomo Kenyatta University of Agriculture and Technology. On a gender basis there were 1100 male students and 900 female students. A sample of 150 (82 males and 68 females) was selected and administered with questionnaires where 130 were returned. Returned questionnaires were checked for plausibility, integrity and completeness to ensure validity. Pilot testing was done to ensure instruments were reliable and ensured validity. Cronbach's Alpha was used to check for the reliability. Statistical Package for Social Science (SPSS) version 22 was used to screen, code and capture the data. Correlation, regression and ANOVA analysis were computed so as to determine the relationship between social economic development and youth employment.

VIII. DATA FINDINGS, ANALYSIS AND DISCUSSION

The findings in Table 1 show that the respondents' level of agreement (Strongly Agree and Agree) with factors that affect youth employment is strongest on ethnic bias at 82.3%, followed by economic activities at 82.2% including investment, followed by the status/background at 77.6%, followed by social inequalities at 75.8%, followed by the macro environment at 73.8% and finally by the method of recruitment at 34.7%. The findings agree with other scholars like ILO (2011) that noted that economic activities increase youth employment. Pozzoli (2009) pointed out that family background affects youth employment. It can therefore be deduced that the six objectives ethnic bias, economic activities, status/background, social inequalities, the macro-environment and method of recruitment all influence and determine youth employment.

A. Correlation

The correlation technique was used to analyse the degree of relationship between social economic development and youth employment variables. The computation gave the Pearson Moment correlation coefficient r of 0.588 signifying a positive relationship between social economic development and youth employment. This means an improvement in the six indicators of social economic development will lead to an increase in youth employment and a decrease in the indicators of social economic development will lead to decrease in youth employment (Hertzberg, 2003). Specifically, this correlation results show that a reduction in ethnic bias and social inequalities, an

improvement in economic activities, status/background, the macro-environment and method of recruitment will lead to an increase in youth employment and vice versa. The test of significance revealed the p-value of 0.02, which is less than the level of significance of 0.05, and hence the test is statistically significant. Findings of this study agree with those of other scholars. Bruno and Cazes (1998) found that social economic activities affected employment among the French youth.

Table 1
The extent of agreement with constructs of Social Economic development that affect youth employment

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Ethnic bias	1.5	3.0	13.0	40.0	42.3
Macro Environment	1.5	5.3	19.2	54.6	19.2
Status /background	2.3	6.9	13.0	46.1	31.5
Social inequalities	2.5	7.5	14.2	50.0	25.8
Economic activities	5.0	5.8	7.0	35.5	46.7
Method of recruitment	10.0	28.4	26.9	25.5	9.2

B. Regression Results

The coefficient of determination R^2 explains the extent to which variations in the dependent variable youth employment can be explained/predicted by the changes in the independent variable indicators of social economic development. The R^2 in linear regression relationship also tells how the regression line fits the data. The regression gave an $R^2 = 0.514$ which means that 51.4% of the corresponding variation in youth employment can be explained/predicted by changes in social economic development indicators based on the six objectives – these include ethnic bias, economic activities, status/background, social inequalities, macro-environment and method of recruitment. It is an important indicator of the predictive accuracy of the model equation fitted as shown below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e \quad (\text{Model 1})$$

where Y = Youth employment; β_0 = Constant; X_1 = Social inequalities; X_2 = economic activities; X_3 = status/ background; X_4 = ethnic bias; X_5 = method of recruitment X_6 = macro-environment; e = Uncontrolled factors /Experimental errors; β_{1-6} ; = Model parameters. Tests in table 2 Panel 3 on the constant revealed that the constant is significant implying youth have to find employment even when they have no social economic development. This is explained by the fact that the youth need cash to meet the various financial obligations that they encounter in the society, more so as they settle down and begin family life.

Table 2

Panel 1: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.635 ^a	.514	.478	2.942

Panel 2: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2280.98	29	78.65	79.09	.000 ^b
	Residual	328.96	100	8.66		
	Total	2609.94	129			

Panel 3: β coefficients

Model	Unstandardized Coefficients			t	Sig.
	β	Std. Error	Beta		
(Constant)	.243	.233		1.546	.0001
Social Eco Development	.741	.430	.140	1.723	.0009

Further tests on the β coefficient of the resulting model suggested $\beta=0.741$ which is significantly different from 0 at p-value of 0.009 which is less than the level of significance of 0.05. The β value shows a strong positive relationship between social economic development and youth employment. One-unit increase in social economic development will lead to a 0.741 increase in youth employment. The implication is that the coefficient β of the resulting model is significant. The constant $\alpha=0.243$ at the test of significance p - value of 0.001 is less than the level of significance of 0.05. This means that the constant in the resulting model is significant. The implication is that the model fits the data/goodness of fit. The model Youth Employment = β (Social Economic Development) holds as suggested by the tests above. This confirms that there is a positive linear relationship between youth employment and social economic development among the youth. The high value of F_{calc} (79.086) is greater than F_{crit} (4.165) at the level of significance of 0.05 and p value is 0.00 this confirms the model goodness of fit and the study concludes that social economic development indicators ethnic bias, economic activities, status/background, social inequalities, macro-environment and method of recruitment positively influence youth employment in Kenya.

IX. SUMMARY OF FINDINGS

In which way does social economic development influence youth employment? The findings of the study indicate that social economic development positively influences youth employment. A 51.4% of the corresponding change in youth employment can be associated to /predicted by changes in social economic development indicators namely ethnic bias, economic activities, status/background, social inequalities, macro-environment and method of recruitment. With social economic development interventions put in place including investments in various sectors like agriculture, infrastructure, manufacturing, tourism, service industry will lead to creation of jobs and reduce youth unemployment in Nairobi Kenya.

X. CONCLUSION

Based on the research findings it is logical to conclude that youth employment can be improved. It is logical to articulate that the current phenomenon of high levels of the youth unemployment can be reversed if the government and other stakeholders ensure that there is specific social economic development (ethnic bias, economic activities, status/background, social inequalities, macro-environment and method of recruitment) interventions in place. The youth must also be willing to change and have the necessary capabilities. The youth must also be aware of the antecedents of youth unemployment and how they impact on employment in order to embrace the necessary positive change.

XI. RECOMMENDATIONS

The study justifies that with proper social economic development (ethnic bias, economic activities, status/background, social inequalities, macro-environment and method of recruitment) interventions that cut across both the formal and informal sectors; this can help eliminate assumptions, misconceptions, misjudgments and the gross negative perception about youth employment in Kenya. Specifically, the study recommends that the government of Kenya, policy makers, the International community and other stakeholders with interest in employment matters should pay attention on measures that ensure social economic development that will enhance job creation in Nairobi Kenya. The study further recommends that the stakeholders concerned should create specific measures to improve on the macro environment to make it conducive for investors; create interventions to increase economic activities; strengthen equal opportunity and non-discrimination laws and regulations to reduce ethnic bias and social inequality and promote furtherance of fairness and equality.

XII. SUGGESTIONS FOR FURTHER RESEARCH

Due to the financial constraints, this study could not exhaust all the factors that affect youth employment in Kenya. Research should be conducted to establish other factors that influence youth employment since those covered in this study account for 51.4% only. Such a study should also be conducted in other counties in Kenya to establish the unique factors so that harmonization can be realized. This study focused on undergraduate and post graduate students of Jomo Kenyatta University of Agriculture City Centre campus, such a study should also be done in other institutions.

REFERENCES

- Adelman, M., 2000, "No Way out: Divorce-related Domestic Violence in Israel." *Violence against Women*, 6, 1223-1254.
- Agnew, R., 1992, "Foundation for A General Strain Theory of Crime and Delinquency." *Criminology*, 30(1), 47-87.
- Awogbenle, A.C., and K.C. Iwuamadi, 2010, "Youth Unemployment: Entrepreneurship Development Program as an Intervention Mechanism." *African Journal of Business Management*, 4(6), 831-835.

- Balwanz, D., 2012, "Youth Skills Development, Informal Employment and the Enabling Environment in Kenya: Trends and Tensions." *Journal of International Cooperation in Education*, Vol. 15 no. 2 pp 69 – 91.
- Besley, T., and M. Ghatak, 2003, "Incentives, Choice, and Accountability in the Provision of Public Services." *Oxford Review of Economic Policy*, 19, 235-249.
- Bruno, C., and S. Cazes, S., 1998, "French Youth Unemployment: An Overview." *ILO Employment and Training Papers*, 23.
- Chenery, H.B., 1960, "Patterns of Industrial Growth." *The American Economic Review*, 50(4): 624- 654.
- Chenery, H.B., M. Syrquin, 1975, "Patterns of Development 1950–1970." Oxford University Press.
- Cooper, D.R., and P.S. Schindler, 2003, "Business Research Methods. (8th ed.)." Boston: 15 McGraw-Hill Irwin.
- DellaVigna S., and M.D. Paserman, 2005, "Job Search and Impatience." *Journal Labor Economics*, 23:527–588
- Dimian, G., 2011, "Education and Youth Unemployment in 10 New EU Member States." *Efficiency and Responsibility in Education*.
- Dimitrov, D., 2012, "Sources of Meaningfulness in the Workplace: A Study in The US Hospitality Sector." *European Journal of Training and Development*, Vol. 36(2/3), pp.351–371.
- Edin, P., and M. Gustavsson, 2008, "Time Out of Work and Skill Depreciation." *ILR Review - SAGE*.
- Ellwood, D.T., 1982, "Teenage Unemployment: Permanent Scars or Temporary Blemishes?" *The Youth Labor Market Problem: Its Nature, Causes, and Consequences* (pp. 349-390). University of Chicago Press.
- Franz, J., and J. Omolo, J., 2014, "Youth Employment Initiatives in Kenya, A Report of Review Commissioned by the World Bank and Kenya Vision 2030, Nairobi: World Bank and Vision 2030 Delivery Secretariat."
- Gemma A., and S. Mbowe Tuesday, 2014, "Youth Unemployment Challenge in Uganda and the Role of Employment Policies in Jobs Creation." *Africa in Focus*.
- Gini, G., and T. Pozzoli, 2009, "Association between Bullying and Psychosomatic Problems: A Meta-Analysis." *Pediatrics*, 123, 1059–1065.
- Government of Kenya, 2011, "Youth Enterprise Development Fund Status Report." Nairobi: Government Printer.
- Green, P., M.L. Rohling, P.R. Lees-Haley, and L.M. III Allen, 2001, "Effort Has a Greater Effect on Test Scores than Severe Brain Injury in Compensation Claimants." *Brain Injury*, 15(12), 1045-1060.
- Gustafsson, B., L. Shi, and H. Sato, 2014, "Data for Studying Earnings, the Distribution of Household Income and Poverty in China." *China Economic Review*, 30, 419-431.
- Harrod, R., 1948, *Towards a Dynamic Economics: Some Recent Developments of Economic Theory and Their Application to Policy*. London: Macmillan.
- Herzberg, F., 2003, "One More Time: How Do You Motivate Employees?" *Harvard Business Review*, 81(1): 87-96.
- ILFS, 2010, *Integrated Labor Force Survey in Tanzania*. National Bureau of Statistics, Dar es Salaam

- International Labour Organization, 2000, "World Labour Report: Income Security and Social Protection in a Changing World." Committee on Employment and Social Policy International, Labour Office. Geneva.
- International Labour Organization., 2004, "Fundamental Principles and Rights at work." Report of the Director General.
- International Labour Organization, 2006, "The Employment Relationship." Report of the Director General.
- International Labour Organization, 2006, "Global Employment Trends for Youth, ILO, Geneva."
- International Labour Organization, 2011, "World of Work Report. International Institute for Labour Studies. Geneva."
- International Labour Organizations, 2015, *Global Employment Trends for Youth; Scaling Up Investments in Decent Jobs for Youth*. International Labor Organization, Geneva.
- Isengard, I., 2003, "Youth Unemployment: Individual Risk Factors and Institutional Determinants. A Case Study of Germany and the United Kingdom." *Journal of Youth Studies*, Vol. 6, No. 4.
- Kaane, H., 2014, *Youth Employment in Africa-Kenya Country Report*. Government Printer, Nairobi
- Kendra, L.K., 2009, "The Logic of Historical Explanation in the Social Sciences." *Comparative Political Studies*, 42, 1: 114-46.
- Kenya National Bureau of Statistics, 2016, *Economic Survey-Government Printer: Nairobi*.
- Kotloff, K.L., 2004, "Re-structuring of Educational System: A Panacea for Youth Unemployment in Africa." *Journal of Education and Practice*, Vol. 5, No 6.
- Lewis, P.A., 2012, *Flying High? A Study of Technician Duties, Skills, and Training in the UK Aerospace Industry*. London: The Gatsby Charitable Foundation.
- Lewis, S.C., 2012, "From Journalism to Information: The Transformation of the Knight Foundation and News Innovation." *Mass Communication and Society*, 15:309–334.
- Lewis, P.A., 2012, *Space for Technicians? An Analysis of Technician Skills and Training in the UK Space Sector*. London: The Gatsby Charitable Foundation.
- Lindbeck, A. and J.S. Dennis, 1984, "Involuntary Unemployment as an Insider-Outsider Dilemma." Seminar Paper No. 309, Institute for International Economic Studies, University of Stockholm, Sweden.
- Morris, C.T., and I. Adelman, 1988, *Comparative Patterns of Economic Development 1850–1914*. Johns Hopkins University Press, Baltimore.
- Mpanju, A.K., 2012, "The Impact of Foreign Direct Investment on Employment Creation in Tanzania." *International Journal of Business Economics and Management Research*, Vol.2 Issue 1.
- Mugenda, O.M., and A.G. Mugenda, 2003, *Research Methods: Quantitative and qualitative Approaches*. Nairobi: African Centre for Technology Studies.
- Mjema, G.D, 1997, "Youth Unemployment in Tanzania: New Strategies for Combating an Old Problem." *Journal of Population Studies and Development*, Vol.4, No.1.
- Natrass, N., 2002b, "Should Youth Employment be targeted as a Part of a Comprehensive Welfare Policy in South Africa?" *Social Dynamics*, 28(2), 207-236
- Nordström. S.O., 2011, "Scarring Effects of the First Labor Market Experience." IZA DP No. 5565.

- O'Higgins, N., 1997, "The Challenge of Youth Unemployment, Employment and Training Papers no. 7. ILO, Geneva." Office of the Prime Minister 2011.
- Pettinger T., 2011, "Spanish Youth Unemployment". *Permalink* (blog).
- Pozzoli, D., 2009, "The Transition to Work for Italian University Graduates." *Labor*, Volume 23, Issue 1, pp. 131–169.
- Republic of Kenya, 2010a, *2009 Kenya Population and Housing Census: Volume IC*. Nairobi: Kenya National Bureau of Statistics.
- Republic of Kenya, 2011a, *Economic Survey*. Nairobi: Government Printer.
- Republic of Kenya, 2015, *Various Issues. Economic Survey*. Central Bureau of Statistics, Ministry of Planning and National Development.
- Rostow, W.W., 1960, *The Stages of Economic Growth: A Non-Communist Manifesto*. Cambridge University Press.
- Ryder, G., 2016, "3 Ways We Can Tackle Youth Employment." Available at <https://weforum.org/agenda/2016/1/3>.
- Sum A., N. Pond, and S. Palma, 2002, "The Impacts of the 2001 National Recession and the Ensuing Jobless Recovery on the Employment of the Nation's Teens and Young Adults," Prepared for the National League of Cities, Washington, D.C.
- Terence, T., and M. Esposito, 2014, "Youth Unemployment in China. A Crisis in the Making." *Taboola*.
- Todaro, M.P., and S.C. Smith, 2009, *Economic Development*. Boston: Pearson Addison Wesley.
- UNDP, 2013, "Human Development Report. The Rise of the South." *Human Progress in a Diverse World*.
- Wilson, A., 1992, *Awakening the Natural Genius of Black Children*. 2nd Edition." New York: Afrikan World Infosystems.
- Wilson, A.N., 1992, *Understanding Black Adolescent Male Violence: Its Prevention and Remediation*. Afrikan World Infosystems.
- World Bank, 2015, "Empowering Uganda's Youth to be Job Creators." World Bank Publications available at www.worldbank.org.
- World Bank, 2016, "From Economic Growth to Jobs and Shared Prosperity; Kenya Country Economic Memorandum." <http://www.businessdictionary.com/definition/formal-sector.html>