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Higher Education System and Jobless Graduates in Tanzania

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Abstract
The Tanzania's higher education institutions haven't raised much of expectations the graduates lack the skills required by the labor market and this trend results in mass graduate unemployment, otherwise this would have assisted them to be more self-reliant. The study explores the importance of higher-level business education human resources development for youth empowerment and national development in Tanzania. The nonstop-increasing pace of technological changes in the fields of business and economy mostly has rendered the teaching of business skills and the training of skilled manpower ever more challenging. The ever-increasing pace of technological changes in the fields of business and economy generally has rendered the teaching of business skills and the training of skilled manpower ever more challenging. The problem caused by this development, is the search for graduates and competent business educators with the knowledge and skills needed by employers of labor in business offices, industry and public sector. This paper will explore why large numbers of University graduates go jobless do for months or even years, while labor complain of lack of skilled workers; and how can the Universities assist in training skilled business graduates for the Tanzania economy? The task of creating skilled human resources development for youth empowerment, productivity, and efficiency in society lies with skillful and experienced trainers and the quality of the training institutions. The implications of the development of a virile higher-level skilled work force for the economy is critically analyzed and recommendations are made to relevant publics, especially the universities and its tutors.
Keywords: Higher Education, Youth Graduates, Unemployment and Tanzania

Introduction

Young people's situation and future prospects are of vital concern to us all. Many of them face high unemployment or joblessness and serious difficulties in getting a firm foothold into the labor market. Many leave school without the requisite skills or competences needed in today's economy and society. Many are also experiencing falling relative (and sometimes real) wages and considerable uncertainty as to whether or not they will be able to settle into good careers. But at the same time, our ageing societies need, more than ever before, to harness the potential of all of our young people. This publication points the way to future initiatives to improve youth labor market and educational outcomes as identified by policy-makers and experts of OECD countries brought together at the Washington Conference "Preparing Youth for the 21st Century: The Policy Lessons from the Past Two Decades", held on 23-24 February 1999. To give the most comprehensive picture to date, it first puts today's challenges into a historical perspective by taking stock of two decades of policies for youth employment.

Youth represents a tremendous potential development of human capital which a nation cannot afford to neglect. The impact of technological changes in the fields of business and economy mostly has been felt and demands a concrete response. This response involves the change of teaching techniques of business skills and the training of skilled manpower to target economy and gearing up human resources to meet the challenges of our global world. Although unemployment has increased due to recession, many of the youths are technically not unemployed. More youths are economically inactive and enrolled in schools or vocational training. The new economy mentality requires innovation, training, reinventing education, and entrepreneurship that significantly favors youth. One of the goals of Tanzania higher education is the acquisition of both physical and intellectual skills which will enable individuals to be self- reliant and useful members of the society. It is the statutory duty of the Tanzania higher education to groom the required human capital through relevant manpower training, abilities, attitudes, skills and knowledge as Education is one of eight priority areas under Tanzania's "Big Results Now" (world bank, 2014). An outstanding human capital assumption is that after finishing the higher education which is the university, graduates should be able to make a successful transition from these institutions of higher learning to become productive workers, self-reliant entrepreneurs, responsible, good citizens, and selfless leaders. It is presumed, also that after graduation, the graduates can then develop additional skills through training and experience that could further boost their opportunities, capabilities and chances in life.

Although Tanzania's economic score 57.8(Index economic freedom, 2014), making its economy the 106th freest in the 2014 Index, and rank 15th out of 46 countries in the Sub-Saharan Africa region. Tanzania has made good progress in achieving economic stability and improvements in several of its socio-economic indicators, GDP growth rate of 2010 was recorded at 6.9 % (Index Economic Freedom, 2014). However majority of Tanzanians who enter the labor market each year are employed in the agriculture and informal sectors which is estimated to be more than 90 percent of the economy and where productivity and remunerations

are relatively very low. Yet the situation for Tanzania's youth in the labor market today seems disappointing with many of these young people failing to gain employment or ending up working in poor conditions in the informal economy (Youth Unemployment Rate, World bank, 2014). While the total unemployment rate in Tanzania has dropped from 11.7% in 2006 to 10.7% in 2011, youth unemployment is still an issue of great concern. More recently, there has been less foreign investment and development assistance from developed nations. The unemployment rate amongst young people aged 15 – 24 years is 13.4%. Unemployment is also higher amongst young women (14.3%) than amongst young men of the same age, 12.3% (MKUKUTA Poverty and Human Development Report, 2011)

Table 1- Youth Unemployment Rates for Selected African Countries

Country (2010-2014)	Unemployment rate (%)
Malawi	13.5
Kenya	17.0
Namibia	34.2
South Africa	52.0
Swaziland	41.9
Burundi	12.9
Uganda	7.3
Zimbabwe	7.00
Mozambique	12.8
Nigeria	13.7
Tanzania	6.5

Sources: ILO 2014); Unemployment, youth total (% of total labor force ages 15-24) (modeled ILO estimate)

There are 26 universities in Tanzania and over 15 colleges of education. Despite the effort of the government to create about one million jobs per annum, most graduates stay far above the age of 34 years before entering their first job. Mjema (1997) Bugachwa (1991) and Luvanga (1994) both studies revealed that youth unemployment in Tanzania may be mainly caused by education system, lack of skills in business training, inadequate credit facilities, emphasis on formal sector alone, non-attractive agricultural sectors, gender imbalance and inadequate information were the key determinants of youth unemployment. Though these findings are among the important exploration on youth unemployment in the country but they are all outdated. In recent studies evaluated the energy jobs and skills in the highly rich potential region of Mtwara. The findings of the study indicated high labor shortages of electricians and high potential shortage in the future as the electricity grid expands (Samji et al 2009). The study provides evidence of the skills gap, especially among the youth people in the country which increases the problems of youth unemployment. The finding of the study highlights that the higher youth unemployment rate in the country does not always mean the absence of jobs but the ability of youth to acquire the available jobs.

This implies that many graduate youth wonders around with their certificates but with no proper trained in the competitive market of skilled business requires. According to Mpanju (2012) there is a mismatch between teaching in the institutions of learning and the needs of the labor market. It also shows that majority of students learn through lectures and academic textbooks and are academically sound but they have limited opportunities of acquiring practical experience by using machinery, equipment and practical techniques associated with the professions, there is lack of qualified teachers to teach vocational, innovative, entrepreneurship and job skills. Finally, there is lack of consultation with private sector which has led to teaching of outdated curriculum, outdated resources and outdated teaching methods.

In order to shed some light on the causes of graduates unemployment in Tanzania today, this section investigates the microeconomic determinants of youth employment as graduates in this context represents the youth. Finding out which individual characteristics have the greatest influence on the probability of the young finding employment, is a decisive step in the understanding of the youth joblessness issue. As far as we know, only one econometric study has focused on the determinants of youth unemployment, using unemployment probit analysis on Wittenberg & Pearce, 1996 by PSLSD data set. The contributions of the analysis are twofold. First, youth employment is analyzed from two different angles: employment by someone else and self-employment. As encouraging youth small business is often cited as a way of coping with graduates unemployment, an investigation of its determinants could be useful.

Methodology

This paper seeks to examine and explore why large numbers of young university graduates go jobless for months or even years and the factors which determine unemployment of graduates in Tanzania. The paper has considered using the different econometric tools that allow estimating the access to employment. The common solution is to retain a probit of participation (employed or not). However, in our case, the availability of detailed

survey data favors the adoption of a multiple-choice model in order to keep the highest amount of information. Individuals declare to be unemployed (u), employed (e) or inactive (s). The employment status depends on the individual characteristics and on the employer's hiring policy.

If employment status are indexed by m (m = u, e, s), the probability that an individual i (i = 1, …, N) with a vector ? characteristics Zi = (1, Z2i, Z3i…) will be assigned to employment status k is:

$$P_{ki} = \frac{\exp(a_k z_i)}{\sum_{m=u,e,s} \exp(a_m z_i)}$$

where *ak* is the vector of coefficients corresponding to the *k*th employment status. The average predicted probability of assignment in employment status *k* is then:

$$\bar{P} = \frac{1}{N} \sum_i P k_i$$

According to the labor force survey in Tanzania employment status of graduates is categorized into three categories, employed, unemployed and inactive. This represents the possible outcome in the study model which seeks to examine the probability of graduates being either employed, unemployed or inactive given several demographic characteristics. According to ILFS (2006) employed status in Tanzania included paid employees, self-employed people outside traditional agriculture, unpaid family helpers and traditional agriculture workers. The first two categories make the formal graduates employment category while the last two makes informal graduates employment category. For the objective of this study both formal and informal employment categories are used to represent employed graduates but we limit informal category to traditional agriculture workers. Even though informal employment in Tanzania accounts for more than 80% of the country economic activities, the inclusion of this category in the labor market analysis has been under debate (Wamuthenya, 2010). This is due to the nature, size and output of informal sector employment in Tanzania where agriculture is characterized by small scale peasant farming. This study adopts International Labor Organization's definition of unemployment which refers to those people who have not worked more than one hour during the short reference period but who are available for and actively seeking work (O'Higgins, 1997). We also describe inactive graduates as those who are neither employed nor unemployed in the reference period such as those doing solely domestic work in their own houses, sick, or did not want to work (ILFS, 2006).

Case Processing Summary			
		N	Marginal Percentage
Current Economic Activity	Employed	3643449.337	66.8%
	Unemployed	691359.801	12.7%
	Inactive	1123312.662	20.6%
Sex	Male	2626267.874	48.1%
	Female	2831853.925	51.9%
Location	Urban	1806846.240	33.1%
	Rural	3651275.559	66.9%
Education with Skills	Without skills	5442685.238	99.7%
	With skills	15436.561	0.3%
Total		5458121.8	100%

Source: NBS ILFS (2006)

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

Results and Discussion

The analysis of the determinant factors of graduates' unemployment in Tanzania was conducted using the international definition of youth people in order to enable comparison and benchmarking with youth studies in other countries. Using Multiple- choice model (MCL) we set employed category as the reference point and we estimate the probability of graduates of particular characteristics to be either unemployed or inactive as compared to being employed.

We first analyzed whether the independent variables in our model have a significant relationship to the dependent variable. This was necessary for determining the ability of the model to predict the dependent variable accurately. From the initial model without independent variables, a total of three independent variables were added (sex, location, and skills) to the model and a test of whether the added independent variables resulted into

the model improvements was conducted using a Chi Square test. The test results shows the presence of significant statistical relationship between dependent variable and a set of independent variable with Chi square of 1831095.032, 16 degree of freedom and 5% level of significance (Table 2). The test results imply that the independent variables added to the model have a relationship to the dependent variable hence they contribute to the reduction of error in the model and can accurately predict the dependent variable of the model which is the graduate's employment status.

Table 2: Model Testing

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

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

Table 3: Variable Testing

Likelihood Ratio Tests				
Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	Df	Sig.
Intercept	138149.857	.000	.000	0
Sex	162891.887	24742.030	2	.000
Location	519190.504	381040.646	2	.000
Skills	139974.134	1824.277	2	.000

The test results of the determinants of graduates unemployment in Tanzania indicate two MCL equations, the first equation distinguishes variable that has a statistically significant relationship in distinguishing graduates who are unemployed from those who are employed. The second equation distinguishes variables that have a statistically significant relationship to distinguish inactive graduates from employed graduates. From table 4 below, the variables that have a statistically significant relationship to distinguish unemployed from employed graduates were sex (male), location (urban) and skills (graduates without skills). In distinguishing between inactive graduates from employed graduates the same variables as in unemployed category were statistically significant except for educational skills where only without skills and with skill variables were statistically significant.

Table 4: Parameter Estimates

AGED 15-24 with reference to employed(standard or international definition of youth)							
Current Economic Activity Status (Reference group "Employed")		B	Std. Error	Wald	df	Sig.	Exp(B)
Unemployed	Intercept	-2.126	0.03	5019.071	1	0	
	Male	-0.045	0.003	234.753	1	0	0.956
	Female	0[b]	.	.	0	.	.
	Urban	1.61	0.003	310468.04	1	0	5.003
	Rural	0[b]	.	.	.	0	.
	Without skills	-0.266	0.027	95.494	1	0	0.767
	With skills	0[b]	.	.	0	.	.
Inactive	Intercept	-0.598	0.025	557.127	1	0	
	Male	-0.395	0.003	24315.301	1	0	0.674
	Female	0[b]	.	.	0	.	.
	Urban	0.942	0.003	111725.35	1	0	2.565
	Rural	0[b]	.	.	0	.	.
	Without skills	1.148	0.016	5340.039	1	0	3.151
	With skills	-0.611	0.017	1364.155	1	0	0.543

Analyzing the role of each independent variable in differentiating between unemployed graduate from employed graduate we find that all three independent variables of the model play a significant role. The results show that being a male made a graduate in Tanzania about 4% less likely to be unemployed over being

employed. This indicates that male have high chance being employed over being unemployed as compared to female graduates. These results were consistent with the findings presented in previous studies such as Isengard (2003) in Germany and Mlatsheni &Rospabe (2002) which also reported that gender was among the key factor for graduates' unemployment. These studies also support the findings that females were discriminated hence.

As male graduates had a high chance of being employed than females. The results on the impact of location on their employment status show that living in urban areas made the graduates about five times more likely to be unemployed over being employed. This indicates that it is easy for graduates to be employed in rural areas than in urban areas of Tanzania especially in agriculture sector due to the informal nature of employment in rural areas. In Urban areas graduates are more constrained to formal employment requirements such as skills and experience which most of them do not have.

The results were consistent with by Mpanju (2012) in the country which also indicated that the unemployment rate was higher in rural areas than in urban areas of Tanzania. The results also show that being a graduate and without skills made about 23% less likely to be unemployed over being employed. This implies that graduates without skills are more likely to be employed than skilled graduates.

Given the country education system skills are acquired only in vocational training colleges. The youngsters who have only completed normal universities or colleges do not possess any skills required in the job market, hence they engage in informal employment soon after they have completed their studies.

For the skilled graduates, market competition for the job, experiences and their preferences for formal employment make them more likely to be unemployed over being employed. The findings of the study were consistent with previous findings such as Isengard (2003) in Germany, Awogbenle & Iwuamandi (2010) in Nigeria, Mlatshani & Rospabe (2002) in South Africa, Bruno and Cazes (1998) in France which all indicated that skills was an important determinant factor in both formal and informal employment.

The findings on the second equation in MCL indicate the role of each independent variable in the model in differentiating between inactive graduates from employed graduates. The results show that male graduates are 32.6% less likely to be inactive over being employed. This indicates that the chances are high for female graduates to be inactive over being employed in Tanzania while male graduates have high change of being employed rather than being inactive.

The results on geographical location show that graduates who lives in urban area is about 2.6 more likely to be unemployed over being employed. Like in the first MCL equation, the graduates are more likely to be employed in rural areas where informal employment prevail more that formal employment. Likewise the results on skills level of the youth people show that youth without skills are about 54% less likely to be unemployed over being employed.

Conclusion and Recommendations

The aim of the study was to explore why large numbers of university graduates go jobless for months or even years, while labor complain of lack of skilled workers; and how can the Universities assist in training skilled business graduates for the Tanzania economy. By concluding the universities that acts as institutions of learning and youth trainers should watch changes and demands of the labor market so that they could rethink, repackage, reposition and re-engineer their missions, messages and methods in line with the changing requirements of the labor market and those of the local communities continue.

Tanzania higher education needs to prepare the graduates for life sustenance in all positive forms. Business educators should re-think their approaches and strategies of training, and possibly consider adopting the competency based mode of educational delivery. Here, training is centered on specific skills and learners are assisted to develop them. Also, the need arises for the equipment and facilities position of the training institution to be revisited. Effective business training requires, inter alia, that machines and equipment be suitable to learners on a one on one basis to ensure sufficient practice and development of facility and speed. The situation where the student- equipment ratio is 20:1 is unacceptable and will not lead to effective acquisition of needed skills.

The role of grooming business graduate by the Tanzania higher institutions is gradually becoming very challenging. Since there are fewer job openings than graduates, the major challenge facing the institutions is to equip the graduates with appropriate skills and competencies for self-employment, self-reliance and where possible, employment in the formal sector. It is the possession of these skills needed by the labor market that will enable them contribute maximally to national development of the Tanzania nation. In this study the following is recommended as well.

Department of training and development should be set up in every higher educational institution. This department will be responsible for identifying training needs of graduates, designing and implementing training and development programs which should ensure high performance level of youths on graduation. Consultancy units in conjunction with computer departments as well as the center for educational services in institutions of higher learning should be charged with the responsibility of organizing short term courses to improve the skills

and competency level of business youths in areas of computer studies and information communication technology (ICT). Skills acquisition programs should be organized for enrolled students in their specific field of business to train and empower them. This will enable them develop a positive attitude towards work and labor. Modern office machines comparable to those used in modern business offices should be provided as well for business education departments in higher institutions. This will ensures that the graduates are adequately equipped for the challenges of office automation also the student- equipment ratio must be 1:1.

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