Entrepreneurship Factors Contributing to Youth Employment in the EAC Countries Data and Policy Analysis

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Authors’ contributions

This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.

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ABSTRACT

This policy research paper analyses entrepreneurship factors contributing to youth unemployment and also provides working recommendations for engagement on youth employment through entrepreneurship in the EAC Countries. The data and policy analysis are based on the theory of 4Es as propounded by ILO and Youth Employment Network literature. The literature reviews, field research survey, focus group discussion, combined observational and consultations with key informants were research methods used in collecting secondary and primary data. Data analysis used non-parametric methods, mainly frequency and cross tabulations.

The paper finds that entrepreneurship factors such as inadequate innovative skills; limited entrepreneurship knowledge, education and training skills; communication skills barriers; limited entrepreneurship experience; and existence of informal sector and entrepreneurship barriers contribute highly to youth unemployment in most of the EAC countries.

The paper recommends for improved entrepreneurship conditions and relevant implementation strategies include need to ensure adequate innovative skills; enhance entrepreneurship knowledge, education and training; informal employment in both formal and informal sectors improved; remove communication skill barriers; instil positive opportunity perception and ensure adequate access of entrepreneurship experience for optimal youth employment.
Keywords: Youth; employment; entrepreneurship.

1. INTRODUCTION
1.1 Background

1.1.1 Youth employment problems

Unemployment among young women and men remains to be one of the global problems in both developed and developing countries although the magnitude and effects tend to vary across the regions and countries [1,2]. Unemployment and job quality especially in poor developing countries remains a major concern for youth and poverty. Despite the progress that has been made in terms of knowledge, educational and skills attainment in many African countries, many young people are neither employed nor educated or trained [1].

According to various studies, youth employment problems continue to pervade in all East African countries, with disproportionately large number of young women and men exposed to unemployment or else limited to precarious or short-term work in traditional entrepreneurial activities [3,4]. Youth represent a significant portion of the total population in the EA countries accounting to more than 30% of the total population. Rwanda has the highest proportion of youth in the region [3,5]. In 2000, the proportion of youth was 39.3%, whereby in 2005, 2010 and 2015, the proportion stood at 39.5%, 39.6% and 39.7% respectively. Uganda has the second largest proportion of youth with 38.2%, 38.4%, 37.7% and 37.9% in 2000, 2005, 2010 and 2015 respectively.

Other EAC member states such as Tanzania, Kenya, Burundi and South Sudan have relatively lower youth proportion; however they are above 30% of the total population. Zanzibar has high youth unemployment rate of 14.3%. According to national population and labour force surveys of EAC member states, youth aged 15 to 35 years old account to at least 60% of the total labour force indicating that effective participation of the youth in the socio-economic activities can result to economic progress and welfare.

The typical EAC labour market characteristic of youth unemployment is that its rate is higher than any group of population in comprising work force [6]. With the adopted African Union Youth Charter definition of youth, unemployment rates among youth are estimated to be high. Table 1 suggests that Kenya has the highest rate of youth unemployment among the EAC member countries with the 70% of the unemployed youth in 2014.

This is attributed from an increasing number of youth moving to urban centres but are unable to find decent work, suggesting that this is due to lack of skills and working experience, but also that the formal Kenyan economy is unable to absorb the potential work-force [7].

Burundi ranks the second with youth unemployment of 50% in 2014; South Sudan had 34% of the youth unemployment rate in 2013 while Uganda, Tanzania, Rwanda and Zanzibar had unemployment rate of 31%, 25%, 14.7% and 16.4% respectively; indicating that youth unemployment is high in among EAC countries although it differs from one country to another. The recent decade of civil wars and conflicts saw a generation of young people raised during a brutal war, with years of education lost, trauma and loss [8]. This group represents a major portion of the population in these countries with 30 - 35 per cent of falling within the government's official definition ‘youth’, that is those individuals between 15 – 35 years. The unemployment situation in Zanzibar is particularly severe in urban areas, where the unemployment rate is 23.3 per cent, compared to 7.5 per cent for rural areas [9].

1.1.2 Entrepreneurship

Reasons for the increase of youth unemployment in East African countries for the past ten years include lack of entrepreneurship, employability, employment creation, and equal opportunities [10,7,6]. With EA nations diversifying from traditional social economic activities and sectors, entrepreneurship is increasingly seen as a key to economic growth and employment creation.

That is, entrepreneurship is no longer a luxury it is a necessity in these countries. So far, entrepreneurship has yielded significant income returns and according to many, there lies great untapped potentials to drive the regional economies into its next phase of modern industrial development. At the moment, many EAC countries see entrepreneurship as a ‘necessity’ that will help to address the problem of youth unemployment. When unemployment is high and the economy is weaker, young people are forced to start any form of small scale
entreprises (SSEs) in order to provide livelihood for themselves and their families.

All EA countries have been implementing various entrepreneurship development strategies and focusing on skills development, resource provision and access to markets. These countries EAC have created opportunities in terms of finance and access to markets. This led to having more entrepreneurship activities for the purpose of creating new jobs and new businesses, new ways to deliver basic services, new ways of seeing the world. “Success breeds success” — as many entrepreneurs make headway, others get on board. The traditional entrepreneurship mind-set has changed and many young people are going for modern entrepreneurship activities where the emphasis is formal self-employment activities.

In addition to contributing to high valued job creation, modern entrepreneurship has also helped the region to enhance youth employability, equal opportunities and solve other social economic problems that undermine development progress. Studies attribute the increased modern entrepreneurship efforts to its unique poverty reduction strategies in the EA region [11]. Also, many national development plans are linked to entrepreneurship development. Moreover, the EAC governments have been organizing robust skill acquisition, education, technical and vocational training programmes for entrepreneurs and making credit facility easily accessible to young people with innovative technological and business ideas.

Zanzibar has been implementing various entrepreneurship development strategies and programmes. In order to reduce the unemployment rate and to meet the development goals, the Revolutionary Government of Zanzibar through Ministry of Labour, Empowerment, Elders, Youth, Women and children in collaboration with COSTECH, Dar es Salaam established the first Zanzibar Technology and Business Incubator (ZTBI) to spearhead entrepreneurship development in Zanzibar, foster entrepreneurial culture and nurture start up business among youth [12]. Zanzibar Technology
and Business Incubator provides employment opportunities by creation of companies and small-scale industries in Zanzibar. The SME policy (2006) and the Zanzibar Strategy for Growth and Poverty Reduction (ZSGPR III) seek to promote job development by setting up new SMEs and enhancing the efficiency and competitiveness of the existing one.

1.2 Objectives of the Policy Research Paper

The objective of this policy research paper is to analyse entrepreneurship factors contributing to youth unemployment in the EAC countries. The policy paper also provides policy recommendations for increased youth entrepreneurship in these countries.

1.3 Study Approaches and Methodologies

Based on the objective of the research paper and the 4Es theory, four independent but complementary methodologies and procedures were used, [4]. These included, desk-literature reviews, field research surveys in Arusha, Dar es Salaam, Zanzibar, Kampala, Bujumbura, Nairobi and Kigali, data and policy analysis, and, visits to the EAC head office in Arusha and ministries' internal consultative meetings in these cities. The literature review involved collection of secondary data and information from five EAC countries namely, Tanzania, Kenya, Uganda, Rwanda and Burundi related to the study. These included public policy studies and reports on youth employment in these countries. The field research survey, focus group discussion, combined observational and consultations with key informants were major research methods used in collecting secondary and primary data and information.

The primary data and information were collected using questionnaires and interviewing the respondents based on the study objectives and questions [4]. The target respondents included youth organizations, disabled organizations, religious institutions, political parties, government ministries, departments and agencies, individual youth and older people. The combined observational research techniques involved the direct observations of phenomena in their natural setting. The aim was to observe the situation in order to allow research team to qualitatively access the youth unemployment context and useful meanings for framing the evaluation and making sense of the data collected using other methods.

1.4 Structure of the Paper

The paper has four main sections. Section one is an introduction. Section two presents the theoretical model of the Neo-Classical Employment Theories, the 4Es Model, and the concept of entrepreneurship. Section three presents main data findings and analysis of entrepreneurship factors contributing to youth unemployment in the EA countries. Section four is a conclusion that provides working policy recommendations for further dialogue and engagement on youth employment in the East African countries.

2. NEO-CLASSICAL EMPLOYMENT THEORIES AND THE 4-E'S MODEL

The neo-classical labour economics makes a distinction between structural, frictional, and cyclical unemployment. Structural unemployment is conceived as a product of the institutional systems, including policies, laws, regulations, private and government organizations, types of market arrangements and demography. In the literature, the importance of the institutional features for structural unemployment is particularly tied to their implications for demand for and supply of labour, price and wage formation, and the efficacy of search and matching processes in the labour markets [13, 3,5].

Frictional unemployment is regarded as a subset of structural unemployment; mainly constituting of temporary unemployment spells as the result of job mobility, search and matching difficulties in the connection with quits, new entries to the labour market, and job separation because of the employers’ dissatisfaction with individual workers.

Cyclical unemployment differs from structural and frictional unemployment by basically being tied to short-term economic fluctuations. An empirical illustration of the importance of structural unemployment as compared to cyclical is that variations in actually measured unemployment rates have turned out to be much larger between cycles than within cycles, presumably reflecting differences in structural unemployment.

In economic theory, structural and cyclical unemployment are usually regarded as social-
economic disequilibrium phenomena in the sense that they reflect excess labour supply at existing wages. Since the labour market does not address it sufficiently, then individual employers informally ration jobs. Nevertheless, technically (analytically) structural unemployment is often analyzed in terms of the concept of equilibrium unemployment. This means that the aggregate-unemployment level is in a "state of rest": existing excess labour supply is assumed to last as long as certain characteristics (parameters) of the economy are unchanged. It is unfortunate that none of these equilibrium models in isolation provide satisfactory theoretical explanation and policy guidance on unemployment situation in poor developing countries [14,15].

In view of these theoretical limitations, the data and policy analysis used an eclectic theory of 4Es as propounded by International Labour Organization (ILO), and Youth Employment Network (YEN) literature [16,17,15]. The 4Es assert that employment (E) is a complex function of Employability (E1), Employment Creation (E2), Entrepreneurship (E3) and Equal Opportunities (E4).

The 4Es Model is the best approximation of Human Capital Theory, Effective Demand Theory of Unemployment, Harris-Todaro Model of Unemployment and Neo-Classical employment theories [18], (Lee Harvey, 2001; McQuaid and Lindsay, 2005). This youth employment model (E) is now formalized as follows [4].

\[ E = E_1 + E_2 + E_3 + E_4 \]

Whereby we define;

**E1: Employability**

Employability (E1) variable is defined as "doing value creating work, getting paid for it (unless opting to do it voluntarily without pay) and learning; at the same time enhancing the ability to shape work in the future (Lee Harvey 2001; McQuaid and Lindsay, 2005).

\[ E_1 = E_{1.1} + E_{1.2} + \ldots + E_{1.10} \]

Therefore, in turn we consider the main employability variables or attributes as E1.1 for employer's preference and worker's preference and opportunity cost; E1.2 for family's and employer's expectations; E1.3 for transition from learning institutions to labour market; E1.4 for labour market information and conditions; E1.5 for cost of doing business; E1.6 for skills matching; E1.7 for personal factors: satisfaction level (rural-urban migration); E1.8 for level of information technology; E1.9 for transition from school to labour market and E1.10 for access to education.

**E2: Employment Creation**

Employment creation variable (E2) is defined as the process by which the numbers of jobs in an economy are created and increases. Job creation often refers to government policies intended to reduce unemployment, and job creation programs may take a variety of forms [16].

\[ E_2 = E_{2.1} + E_{2.2} + \ldots + E_{2.10} \]

We consider the major employment creation attributes as E2.1 for fiscal policy; E2.2 for changes in production technology; E2.3 for labour market; E2.4 for wage rate or salary; E2.5 for sector policy linkages; E2.6 for participation of youth in planning process; E2.7 for policy implementation; E2.8 for population; E2.9 for reliance on sector to drive economy and E2.10 for regional integration and globalization.

**E3: Entrepreneurship**

Entrepreneurship variable (E3) has traditionally been defined as the process of designing, launching and running a new business, which typically begins as a small business, such as a start-up company, offering a product, process or service for sale or hire [19].

\[ E_3 = E_{3.1} + E_{3.2} + \ldots + E_{3.5} \]

Whereby the main entrepreneurship attributes are E3.1 for innovative skills; E3.2 for expected positive opportunity perception; E3.3 for entrepreneurship knowledge, education and training; E3.4 for communication barriers and E3.5 for informal sector and entrepreneurship barriers.

**E4. Equal Opportunities**

Equal opportunity variable (E4) is a stipulation that all people should be treated similarly, unhampered by artificial barriers or prejudices or preferences, except when particular distinctions can be explicitly justified. The aim, according to this often complex and contested concept, is that important jobs should go to those “most qualified” – persons who are most likely to perform ably in a given task – and not to go to persons for
arbitrary or irrelevant reasons, such as circumstances of birth, upbringing, having well-connect relatives or friends, religion, sex, ethnicity, race, caste, or involuntary personal attributes such as disability, age, gender, or sexual orientation [16].

\[ E_4 = E_{4.1} + E_{4.2} + \ldots + E_{4.7} \]

We consider the main equal opportunity attributes as $E_{4.1}$ for open access application; $E_{4.2}$ for fair judgment; $E_{4.3}$ for gender issues; $E_{4.4}$ for social and cultural factors; $E_{4.5}$ for tribalism and regionalism; $E_{4.6}$ for religions; and $E_{4.7}$ for corruption.

The 4Es Model is determined according to mathematical modelling rules since we have five relations; 1 - 5 to determine the values of five endogenous policy target variables, $E_1$, $E_2$, $E_3$, $E_4$ and $E$. In this paper the focus is placed on entrepreneurship factors with regard to youth employment in EA countries [20].

### 2.1 The Concept of Entrepreneurship

Entrepreneurship has traditionally been defined as the process of designing, launching and running a new business, which typically begins as a small business, such as a start-up company, offering a product, process or service for sale or hire [20,21]. The following are major entrepreneurship elements or features.

#### 2.1.1 Many owners, creators and operators of small businesses

There are many people who own, create and manage these small-scale enterprises - businesses are called ‘entrepreneurs’ and operate in imperfect input and output market conditions. Many traditional SSEs are sole proprietor operations under the owner, or they have a small number of employees, limited financial capital and many of these small businesses offer an existing product, process or service, and they do not aim at growth. It has also been defined as the “capacity and willingness to develop, organize, and manage a business venture along with any of its risks in order to make a profit. According to Schumpeter [21], an entrepreneur is rational economic entity willing and able to convert a new business idea or invention into a successful business innovation [21,22].

#### 2.1.2 Start-up and managed profit-making small-scale enterprises

Traditionally, an entrepreneur has been defined as "a rational economic entity" or a person who starts, organizes and manages any enterprise, especially a profit-making business, usually with considerable initiative and risk" [23]. Rather than working as an employee, an entrepreneur runs as small business and assumes all the risk and reward of a given business venture, idea, or good or service offered for sale. An entrepreneur is typically in control of a commercial undertaking, directing the factors of production - the human, financial and material resources - that are required to exploit a business opportunity. They act as managers and they oversee the launch and growth of an enterprise. Entrepreneurship is the process by which an individual (or firm/team) identifies a business opportunity, acquires and deploys the necessary resources required for its exploitation.

#### 2.1.3 Business innovators

The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes. Management skills and strong team building abilities are often perceived as essential leadership attributes for successful innovative entrepreneurs. Entrepreneurs are innovative leaders willing to take risk and exercise initiative, taking advantage of market opportunities by planning, organizing, and deploying resources [21,22]. In contrast, entrepreneurial ventures offer an innovative product, process or service, and the entrepreneur typically aims to scale up the company by increasing employees, seeking international sales, and so on, a process which is financed by venture capital and angel investments.

### 2.1.4 Dynamic and uncertain small businesses

The recent views stress the fundamentally uncertain nature of the entrepreneurial process, because although opportunities exist their existence cannot be discovered or identified prior to their actualization into profits. Most small scale business operations are dynamic; they change with time, markets, technologies, institutional systems and social economic and political developments [24]. Under this context, something that appears as a real opportunity ex
selling might actually be a non-opportunity or one that cannot be actualized by entrepreneurs lacking the necessary business skills, financial or social capital. While most entrepreneurial ventures start out as small productive economic entities, not all small businesses are entrepreneurial in the strict sense of the term [21].

2.1.5 Young entrepreneurs

Major elements or attributes that define entrepreneurship fit well the youth who are characterised as the most "qualifyable", potential employable, available and capable to operate as entrepreneurs rather than adults [25]. Youth entrepreneurial activities have both positive and negative impacts in developing economics. These can boost economic growth by introducing innovative technologies, products, and services. Increased competition from entrepreneurs challenges existing firms to become more competitive [26]. Entrepreneurs provide new job opportunities in the short and long term [24]. Entrepreneurial activities raise the productivities of firms and economies. Entrepreneurs accelerate structural change by replacing established and sclerotic firms.

However, only a few youths have the social economic drive to become entrepreneurs. Young entrepreneurs in these poor developing countries face a substantial risk of failure, and the costs are sometimes borne by families, friends and taxpayers. In the medium term, entrepreneurial activities may lead to youth layoffs if existing firms close. Also, it is known that a high level of self-employment is not necessarily a good indicator of entrepreneurial activity.

3. MAJOR DATA FINDINGS AND ANALYSIS

Section three presents major data findings and analysis of entrepreneurship factors and attributes contributing to youth unemployment in the EA countries. Data analysis uses non-parametric methods, mainly contingency tables (also known as a cross tabulation or crosstab) as types of tables in matrix formats that display the (multivariate) frequency distribution of the variables defined in Section 2. Based on the above model, the research team collected, organized and made summaries of about 1000 observations or stakeholders from Tanzania and about 71 observations from the other EA countries; namely, Burundi, Kenya, Rwanda and Uganda [4].

Table 1a and 1b summarize general characteristics of the data set. We made assumption that all capital cities of the EAC countries are "big villages" thus consisting of both urban and rural households and or at least these households represent views and perceptions of the EAC populations.

We also assumed that modern youth are aware and tell more stories about their problems than adults. Table 1 shows that respondents aged from 15 years to 35 years were majority, which is about 81% in Tanzania and 85% from other EA

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-24</td>
<td>398</td>
<td>39.8</td>
</tr>
<tr>
<td>25-35</td>
<td>411</td>
<td>41.1</td>
</tr>
<tr>
<td>36-59</td>
<td>173</td>
<td>17.3</td>
</tr>
<tr>
<td>60 and above</td>
<td>18</td>
<td>1.8</td>
</tr>
<tr>
<td>Total</td>
<td>1000</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: FCS, 2016

Table 1b. Age distribution of the respondents for other EAC countries

<table>
<thead>
<tr>
<th>Age</th>
<th>Burundi</th>
<th>Uganda</th>
<th>Rwanda</th>
<th>Kenya</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-24</td>
<td>5</td>
<td>0</td>
<td>10</td>
<td>6</td>
<td>21</td>
<td>30</td>
</tr>
<tr>
<td>25-35</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>39</td>
<td>55</td>
</tr>
<tr>
<td>36-59</td>
<td>2</td>
<td>16</td>
<td>0</td>
<td>3</td>
<td>24</td>
<td>30</td>
</tr>
<tr>
<td>60 and above</td>
<td>0</td>
<td>0</td>
<td>20</td>
<td>19</td>
<td>71</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: FCS, 2016
countries of the total research sample indicating that majority of the respondents interviewed were youth. The policy research targeted the youth as main target investigation policy variable.

3.1 Entrepreneurship as a Major Factor Affecting Youth Employment

Table 2 summarizes main findings on perceived views on the entrepreneurship factors and attributes of performance in the EA countries. The table suggests that many i.e., about 63.1 per cent of the respondents had the view that lack of entrepreneurial factors contributes to youth unemployment in the East African countries. The most important entrepreneurial factors include innovative skills, entrepreneurship knowledge, education and training skills, communication skills for entrepreneurship and informal sector and entrepreneurship barriers.

Many respondents considered low entrepreneurship activities characterize limited number of people engaged in modern small scale enterprise activities. Despite these views, it is known that traditional small scale businesses play significant role in the EA economies by providing self-employment, goods, and services. These traditional SSEs are labour intensive and complement large scale businesses by doing what large firms either cannot or will not do. Many youth in Kenya, Uganda, and Rwanda are ambitious, smart, curious and fearless. They take risks by transforming their incredible business ideas into profitable and feasible enterprises.

There are views that globalization, ICT developments, and increasing levels of economic development have led to transformation and establishment of new modern - market-based entrepreneurship in the urban areas in the EAC countries. The newly emerging modern - market-based entrepreneurship is an engine of job creation, economic transformation and growth [25,27]. As the formal large scale firms become capital intensive in the face of global competition, many new jobs will have to come from the creation of new SSEs.

The fact that these EA countries have a predominantly young population, most of them become shrewd and creative thereby making their mark on entrepreneurship. The emerging business community of young people who are in their 20s and early 30s seem to have defied pursuing employment and prefer to be job creators and employers. They exploit opportunities and are continually building on the success and progress that the countries have registered in the past 50 years. The youth are taking the initiative to invest their innovative energy in diverse sectors and trades including information communication technology, financial services, media, service industry, the creative sector, and agriculture among others.

While most of these SSEs will be in relatively low-tech services and industrial, technological entrepreneurship will be the significant source of decent jobs. The direct youth employment effects of modern tech-based start-ups are limited, but

<table>
<thead>
<tr>
<th>Entrepreneurship</th>
<th>Tanzania</th>
<th>Burundi</th>
<th>Kenya</th>
<th>Rwanda</th>
<th>Uganda</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Innovative skills</td>
<td>51.5</td>
<td>93.8</td>
<td>52.6</td>
<td>65</td>
<td>87.5</td>
</tr>
<tr>
<td>2 Expected positive opportunity Perception</td>
<td>45.7</td>
<td>93.8</td>
<td>68.4</td>
<td>35</td>
<td>50</td>
</tr>
<tr>
<td>3 Entrepreneurship knowledge, Education and training Skills</td>
<td>50.3</td>
<td>88.5</td>
<td>100</td>
<td>65</td>
<td>81.3</td>
</tr>
<tr>
<td>4 Communication skill to entrepreneurship</td>
<td>52.4</td>
<td>82.2</td>
<td>42.2</td>
<td>65</td>
<td>63</td>
</tr>
<tr>
<td>5 Informal sectors Entrepreneurship barriers</td>
<td>54.3</td>
<td>68.8</td>
<td>52.7</td>
<td>70</td>
<td>-</td>
</tr>
<tr>
<td>6 Entrepreneurship Expectation</td>
<td>50.0</td>
<td>85.7</td>
<td>69.3</td>
<td>53</td>
<td>57.5</td>
</tr>
</tbody>
</table>

Source: FCS, 2016
the additional opportunities both upstream and downstream and the "multiplier" effects throughout the economy typically outnumber the direct employment by a significant factor. In any economy, jobs are being created via births and expansion of small businesses; conversely jobs are being lost through downsizing and closures of these small businesses. The net effect of these births and deaths can be somewhat volatile on the labour market [25].

The traditional SSEs may offer less job security than their medium-large counterparts. However, it appears that job destruction during the recession of 2016/17 is lower for small firms than in large enterprises. Small business owners, when compared to larger firms, are more ready to accept reduced remunerations and returns during a recession in order to prevent closure. Thus, they appear to have greater wage flexibility. Also, SSEs are more likely to employ less-skilled workers and individuals with no prior work experience [25]. This employment practice benefits the EA economies in two ways. Firstly, small firms employ workers who may have difficulties in securing jobs, thereby reducing the duration of transitional (frictional) unemployment among these individuals. Secondly, the employment of these workers raises their productivity by giving them on-the-job training and work experience.

Consultations revealed that increasing entrepreneurship in terms of quality and quantity of SSEs have multiple complex effects on the social economic activities and systems, [25,26]. The first impact is related with turbulence on social economic growth in these EAC countries. Turbulence, viz., the sum of entry and exit in social economic activities, firms, or can be interpreted as an indicator of entrepreneurial activity [28]. There are just too many new firms that are established and many that exit at the same time.

There are short run and long run effects. In the short run, turnover from entry and exit appears to make only a very small contribution to economic productivity growth. In the long run, the entry-exit turnover makes a more important contribution and turbulence positively affects total factor productivity growth in the service sectors such as retail trade, hospitality, ICT, and arts and culture in these EAC countries.

The second is the effect of social economic changes of the SSEs size-distribution in EA region on subsequent economic growth [29]. In case EA region has a larger share of small scale firms that could indicate a higher level of entrepreneurial activities. Consultations suggest that increasing entrepreneurship has an effect of (changes in) the size distribution of firms on subsequent growth performance [4]. The increasing share of small firms in agro-based manufacturing industries in Tanzania has had a positive effect on the industry's output growth and export during the last ten years.

The third is the effect of the number of SSEs market participants in an industry. An increase in the number of competitors is usually related to more intensive entrepreneurial activities. Market competition, as measured by increased number of competitors, has a positive effect on the rate of total factor productivity growth. One reason for these findings is that an increased number of market participants and increased entrepreneurial activity often go hand in hand. Local market competition, measured as the relative number of businesses per worker, encourages employment growth in industries [28].

The fourth is the effect of the increasing number of self-employed (business owners-employment) on subsequent growth. In these EA economies the rate of self-employment is related to the extent of entrepreneurial activities. New firms usually start with a phase of self-employment sensu stricto, viz., with no paid employees. The brief expositions of each major entrepreneurship factor are as follows:

### 3.2 Inadequate Innovative Skills

We have defined innovation skills as all types of skills that allow youth to become innovative entrepreneurial and employable. Drucker [29] argued that innovation is the tool of entrepreneurship and is the successful exploitation of new ideas. It is usually a combination of cognitive skills, functional skills and technical skills. Table 2 suggests that many respondents in Tanzania, Uganda, Burundi and Rwanda that had the view that lack of adequate innovative skills are among the factors that cause youth unemployment.

Lack of adequate innovative skills among the youth in most EA countries are due to lack of effective entrepreneurship education, knowledge and training, limited managerial skills, low quality of general or basic education and limited
communication skills. In turn this is due to inadequate access to general education among youth; inadequate provision of vocational and technical education among youth with and without disability. Moreover, limited number of Research and Development (R&D) centres in the countries play significant role in limiting acquisition, development and use of innovative skills [27,30].

In Uganda, consultations suggest that innovative skills have been acquired through non-formal education and learning systems. The non-formal education and learning systems have important role to play in responding to youth unemployment. This is because it supports development by helping to transform young peoples’ potential, creativity, talents, initiative and social responsibility, through the acquisition of related knowledge, skills, attitudes and values. It is often community-based and outside of formal institutional contexts [31,32].

The effects of increasing innovation skills in entrepreneurship is determined by coming up with many new varieties and new ways to produce products or solutions. According to Josef Schumpeter [21] and (1939), an entrepreneur does not operate within conventional technological constraints, making small gradual changes to existing production methods. Instead, the entrepreneur as innovator is responsible for ‘the doing of new things or the doing of right new way’. This could involve (1) the creation of new products; (2) new methods of production; (3) the opening of a new markets; (4) the capture of a new sources of supplies; or/and (5) new organisations of industries. The workforce needs new, or newly emphasized, skills and capabilities to support an innovation economy [31].

Innovation has not been a skill or capability in its own right in Tanzania. It has been the application in a specific context of a combination of skills, knowledge and attributes. As the nature of work is constantly changing it is important to develop capacity for innovation to keep up with workplace changes, for example: new technology, new working conditions; new economic conditions and changes in the global marketplace. Illustration 3.1.1 suggests that a service industry can expand with another type of service to fulfil the ever-changing needs of their clients. Producers can come up with another product from the raw materials and by-products. An educated and skilled youth workforce is essential for successful innovation because it is more likely to be able to generate and implement new ideas and to adapt to new technological, organisational change and employment generation activities [13,14].

Most business entities in Zanzibar are micro in size and informal. As of 2018, there were four industrial enterprises with more than a hundred employees, the number of establishments increased significantly from 23,355 in 2012 to 27,281 in 2018, which is equivalent to a growth rate of 16.8% over the five-year period. The number of establishments rose in parallel with the number of persons engaged in those establishments, which has shown a 44.3% growth rate, increasing from a total of 125,331 in 2012 to 180,792 in 2018. The Central Register of Establishments revealed that the manufacturing subsector accounts for 3%of total employment in Zanzibar whereas the education sub-sector employs 29%, security and defense 19%, and accommodation and food services activities employ 17% [33].

In Rwanda, innovation has been the ability to change and improve products, processes, services, or solutions in a way that creates distinctive value for the organization incrementally or boldly. Innovation is necessary for many SSEs to reach its full potential, yet entrepreneurs lack this critical skill. Young entrepreneurs in Rwanda have developed the capacity to be an innovative force. This has been through constantly searching for new ideas and creative solutions; keeping an open mind and challenge the status quo; proposing and communicating innovative ideas; positioning and promoting innovative ideas and proposal; contributing to a culture of creativity and innovation and support innovative ideas from others.

There were views that effects of the SSEs in Kenya depend on the entrepreneur and the entrepreneurial spirit. It is an ability to pick a spot in the market that is underserved, put in place the right strategy, picking the right partners and team, putting in the requisite hard work and recovering from the inevitable setbacks is the key ingredient to entrepreneurship. Other effect that raises the importance of innovation skill in entrepreneurship in Kenya is increased market competition. It stimulates any young entrepreneurs to come up with something much better than their market competition in a lower price, and still be cost-effective and qualitative.
Under these conditions, young entrepreneurs may be competing with large industry in the markets [30,34].

3.3 Limited Entrepreneurship Knowledge, Education, and Training

Entrepreneurship education, knowledge and training are viewed as the processes of providing individuals with the entrepreneurship skills to recognize opportunities that others have overlooked and to have the insight, self-esteem, and knowledge that others have hesitated, [35]. Many respondents have the view that limited entrepreneurship knowledge, education and training skills have high influence to youth unemployment in all EA countries. Consultations in Burundi, Rwanda, Uganda and Kenya suggest that youth have limited knowledge, orientation and entrepreneurial training in agro-based business skills (Niwagira, 2014) [36,37]. Many youth do not possess needed entrepreneurial skills in all basic areas of agro-business, such as agricultural input, the production, processing, markets, and marketing.

Table 2 reveals that limited entrepreneurship knowledge, education and training skills among youth is key determinant of youth unemployment as suggested by majority of respondents in all EAC Countries. For instance, majority of respondents in Rwanda viewed that limited entrepreneurship knowledge, education and training skills have high influence to youth unemployment among youth without disability in the country. In Rwanda, entrepreneurship knowledge is central to innovation, wealth creation, and job growth, as well as to political stability. Modern entrepreneurship in Rwanda makes markets more competitive, encourages investment, and inspires the job and economic growth that is so vitally important to every nation [27]. Inadequate human capital for entrepreneurship knowledge, education and training skills to all provinces in Rwanda results into unemployment among both youth with and without disability in the country.

Inadequate financial resources to finance training programs and inappropriate education system create job seekers and not job creators [38]. The entrepreneurial education and mentorship programmes in Uganda have been very useful to successful entrepreneurship and development of skills. However, the knowledge on which business to start, the confidence of running business, access on finances, development of business plan and mind set of youth towards the business are among the factors hindering the development of entrepreneurship and its effect on youth employment in Uganda [39,32].

Study found that entrepreneurship education in Kenya has a positive impact on the entrepreneurial mind-set of young people, their intentions towards entrepreneurship, their employability and finally on their role in society and the economy [40,4]. There is a program for the improvement of the entrepreneurship mind-set of young people in Kenya in order to enable them to be more creative and self-confident in whatever they undertake and to improve their attractiveness for employers. Education has positive impact on the entrepreneurship key competence. The Jua Kali entrepreneurship education seeks to prepare people to be responsible, enterprising individuals who have the attitudes, skills and knowledge necessary to achieve the goals they set for themselves [40].

The entrepreneurship key competence has been a composition of an entrepreneurial attitude, entrepreneurial skills and knowledge of entrepreneurship. Entrepreneurial skills are needed to turn ideas into action. Consultations suggest that higher education has given youth the skills and knowhow enabling them to run a business, although the level of application is not very high [34].

3.4 Existence of Informal Sector Employment and Entrepreneurship Barriers

The informal sector or informal economy has been part of the economy that is neither taxed, nor monitored by any form of central government in the EA countries. It has been used to describe a type of employment falling outside the modern and formal industrial and public service sectors. Table 2 suggests that many respondents in Tanzania, Rwanda, Kenya and Burundi have the opinion that informal sector and entrepreneurship barriers are the most important factors for youth unemployment. Participants in the informal economy in the EA countries are those employers and employees who do not have employment security, work security and social security. The informal sector is largely characterized by several qualities: easy entry and exit, meaning anyone who wishes to join the sector can find some sort of work which will result in cash earnings, a lack of stable employer-employee relationships, a small scale
of operations and skills gained outside of a formal education.

EA countries are characterized by dual economies whereby modern SSEs co-exist with large informal sectors with little capital and low marginal productivities of labour [41]. Majority of the youth are engaged in agriculture as subsistent family workers with no wages accruing to them. Similarly, informal employment accounts for the highest proportion of employed youth outside agriculture. Therefore, these informal sectors face several barriers such as unfavourable regulations, inability to qualify for credit, scarcity of land for work premises, lack of relevant skills and marketing constraints. Informal sector and entrepreneurship barriers is caused by various factors such as high levels of competition, crime, lack of infrastructure and lack of funding [32]. The considerable competition within the informal sector limits demand opportunities while the high levels of crime in the sector causes a number of constraints to growth and development. Some informal entrepreneurs operate from land which they do not own or from rented premises and some operate as street vendors (activities which take place on the sides of the road), all of which are indicative of a lack of infrastructure in this sector [42].

There is a close relationship between informal sector and traditional entrepreneurship in Burundi. The growth in the size of the informal sector employment activities has mainly been due to the fact that many members of the labour force participate in the informal activities, that is, traditional entrepreneurs, that are the only available economic activities for their survival, while for formal sector employees participate in the informal activities for supplementing their earnings to support their families.

Kenya has large and growing informal sectors and relatively small formal and modern jobs sector and the vast majority of Kenyan workers, including 90 per cent of employed youth, work in the agricultural and non-farm informal sectors [43,40]. They suffer the consequence that informal jobs are of low-quality, characterized by low and unstable earnings and job insecurity and thus become the barrier to youth employment [44,45].

3.5 Communication Skills Barriers

Communication has been the act of conveying intended information, messages and meanings from one entity or group to another through the use of mutually understood means, signs and semiotic rules. The main steps inherent to all communication processes include; forming the communicative motivations, message composition, encoding, transmission of the encoded message, and reception of signals and re-assembling of the encoded message from a sequence of received signals, decoding of the reassembled encoded message, interpretation and making sense of the presumed original message. Table 2 suggests that many respondents in Tanzania, Rwanda, and Uganda had the view that communication skill barriers are high, serious and have a significant negative impact on youth employment.

Communication barriers among youth are attributed to various factors such as education, knowledge, information overload, perceptual and language differences, distraction, complexity in organizational structure and poor retention [32]. Lack of communication skills among the youth results to communication breakdown, constrain their business and hence hindering economic growth and cause unemployment among youth [38]. Businesses have turned more and more to an integrated international market to meet its needs, the difficulties of communicating at an international level have become increasingly widespread. Lack of communication deriving from ignorance of culturally based assumptions erroneously believed to be social economic universal can readily escalate to unproductive conflict among people of differing cultural orientation in running a business [34].

Barriers to effective communication can retard or distort the message and intention of the message being conveyed which may result in failure of the communication process or an effect that is undesirable. These include filtering, selective perception, information overload, emotions, language, silence, communication apprehension, gender differences and political correctness. The lack of expressing “knowledge-appropriate” communication occurs when a person uses ambiguous or complex legal words, jargon, or descriptions of a situation or environment that is not understood by the recipient. This means that more than half of the respondents in Tanzania, Rwanda and Uganda perceived that unemployment among youth is caused by communication barriers. Therefore, communication skills in businesses and other entrepreneurship activities is the problem among the youth.
Although, communication barrier is a serious problem in Tanzania, Rwanda and Uganda, it also persists in Kenya and Burundi. For instance, consultations suggest that Kenyan youth communication skills are alarming and are the worst in writing as most don’t seem to have a grasp of simple language - grammar and basic writing skills. It has become a major barrier to most of the rural Kenyan youth in business and formal employment as well [8].

3.6 Other Factors of Entrepreneurship for Youth Employment in EA Countries

Other factors of entrepreneurship for youth employment in EAC countries include expected positive opportunity perceptions and entrepreneurship experiences.

3.6.1 Expected positive opportunity perception

Previous research have predominantly approached the concept of expected entrepreneurial opportunities perception from either one of two perspectives: opportunities exist as objective phenomena in the environment waiting to be discovered by entrepreneurs, or opportunities are subjectively perceived and even created by individual entrepreneurs [46]. There are views that most entrepreneurial opportunities possess both objective and subjective qualities, thus helping reconcile both perspectives.

Table 2 suggests that many respondents in Burundi had the views that lack of the positive opportunity perceptions among youth is the main cause of youth unemployment. Significant number of respondents in Tanzania, Rwanda, Burundi, and Kenya had a similar view that lack of positive opportunity perceptions causes unemployment among youth. Inadequate entrepreneurship communication skills, limited education training and guidance, inadequate number of business development centres, limited number of research and development activities, limited research disseminations and negative opportunity perceptions on entrepreneurship benefits contribute to youth unemployment in EA countries [25,47].

Employment opportunities in Zanzibar are still in growing and different sectors are encouraged to employ residents as the priority. In 2016 survey on industrial data revealed that around 7,090 employees (96.8% of the total) worked for establishments that were wholly owned by nationals; while 6 establishments (0.7%) with 170 workers (2.3%) were wholly foreign owned, and four establishments (0.4%) with 64 workers (0.9%) were under joint venture ownership [33].

The ability of entrepreneurs to innovate relates to innate traits, including extroversion and a proclivity for risk-taking that is having positive perception on each risk and therefore taking it as business opportunity [48,46]. Also, many scholars maintain that entrepreneurship is a matter of genes, and that it is not everyone who can be an entrepreneur. Some people may be able to use "an innate ability" or quasi-statistical sense to gauge public opinion and market demand for new products or services [47]. Entrepreneurs tend to have the ability to see unmet market needs and underserved markets. While some entrepreneurs assume, they can sense and figure out what others think; the mass media plays a crucial role in shaping views and demand.

The level of equality of opportunity determines how people perceive inequality in the labour and employment processes. Societies in which individuals have the same chances to obtain valuable outcomes such as employment, income, education, and health have a higher tolerance to inequality. This explanation is appealing in the labour market because it suggests that not all inequalities appear equally harmful to employment, and that the same level of inequality may be very differently perceived depending on their sources. However, if people find it difficult to correctly quantify perceived inequality of employment opportunity, it is hard to believe that they are able to correctly perceive the level of equality of employment opportunity in their country.

3.6.2 Limited entrepreneurship experience

Entrepreneurship experience is the accumulated work knowledge or mastery of an event or subject gained through involvement in or exposure to it. A person with considerable working experience in a specific field can gain mastery or reputation as an expert. The concept of experience generally refers to know-how or procedural knowledge, rather than propositional knowledge on-job-training rather than book-learning (Niwagira, 2014). Entrepreneurship experience is vital to business success and tends
to affect the propensity of individuals to become employable, entrepreneurs and the likelihood of their success. Table 2 suggests that many respondents in Kenya, Burundi and Uganda had an opinion that entrepreneurship experience is an important factor for entrepreneurship growth and sustainability which ultimately increases youth employment. That is, limited entrepreneurship experience tends to increase unemployment problem especially among youth [49,36]. By nature or age, many youth are not "experienced enough" in entrepreneurship as many of them are too young.

Limited entrepreneurship experience in Burundi and Rwanda is associated with various underlying factors such as age, inadequate entrepreneurship training and practices, limited innovative skills among youth, limited entrepreneurship guidance from the parents and guardians, and limited access to finance to finance the youth innovated ideas (Rider et al. 2013; Rider, 2013) [50]. As the result, unemployment remains to be problem among youth due to over dependent on public sector for employment rather than private sector, especially entrepreneurship. For example, Kenyan youth gain entrepreneurship experience though work experience, classroom training and vocational institute training. Consultations suggest that work experience, classroom training and vocational institute training for the current occupation have highly significant effects on earnings, with work experience having by far the largest absolute impact [51]. Work experience placements for youth appear to assist with the development of employability skills [49].

Entrepreneurship experience in Kenya and Uganda shows that a person gains job experience while working in social economic activities. Classroom education, technical training and vocational institutes have had limited impact on entrepreneurship experience [51]. Many students in Burundi have had limited access to job-training opportunities in both private and public firms [50]. Very few youths combine full-time study with paid work, and few students undertake unpaid work. Experience suggests that all types of work increase the chances of successful employment outcomes, compared with not working whilst in higher education [49,50]. Students who had undertaken more structured work-based learning as well as paid work tended to have the most chances of getting employment.

Youth search and sometimes volunteer in order to work for the purpose of gaining working experience. These days, many youth in Tanzania volunteer to work and are usually not paid salary, travel and food expenses, instead they cover them themselves and at the end a character reference is usually provided [51,49]. Trainees usually have the opportunity to network and make contacts among the working personnel and put themselves forward for forthcoming opportunities for paid work.

Many youths in Tanzania and Kenya search for working experiences with formal large scale firms. However, there are small and medium-sized companies in every career sector all over the EA countries. Small and high potential businesses can offer youth with wide-ranging opportunities to put their talents into use and are a great source of graduate employment. There are many good reasons for the need to gain working experiences via small scale businesses [49].

First, in a small organisation, youth can make a bigger impact. Processes in small companies tend to be easier, shorter and more visible, so youth can learn relatively quickly. Secondly, is about early responsibility. If youth have chances to be leaders and take ownership of a task and see it through, youth initiative will be tested and youth will be able to develop their leadership, team-working, time management and organisational skills. Thirdly, is a fact that a high proportion of small employers may be able to offer youth further work after their placement, from additional one-off projects to full-time employment when they graduate [49].

Before engaging in entrepreneurship activities, few youth often acquire relevant experience at employing organizations. Acquired experience in these organizations may alter their preferences for entrepreneurship versus formal employment (Rider, et al. 2013). Studies indicate mixed relationship existing between entrepreneurship experience and rate of entrepreneurship. Studies such as Stuart and Ding [52] and Campbell, et al. [53] found that there is a positive relationship between entrepreneurship experience and rate of entrepreneurship although non-linear one. However, other studies such as Sørensen [54] and Kacperczyk [55] found that the rate of transition to entrepreneurship decreased with one’s experience at their current undertakings.
4. CONCLUSION

Section four is a conclusion that provides working policy recommendations on the entrepreneurship among youth in EA countries.

4.1 Major Findings

The study confirm that the entrepreneurship factors such as inadequate innovative skills; limited entrepreneurship knowledge, education and training skills; communication skills barriers; limited entrepreneurship experience; and existence of informal sector and entrepreneurship barriers contribute highly to youth unemployment in most of the EAC Countries.

4.2 Policy Recommendations

All EA countries are in the transition from traditional social economic activities into modern economic systems. In modern world and at its simplest level, entrepreneurship involves acts of starting any kind of new small scale business in all social economic activities. The aim will be to create high-impact entrepreneurs as those who start and grow businesses that are innovation-based, tackle large opportunities, and if successful, grow rapidly to create large numbers of jobs and deliver significant economic impacts. These businesses drive economic impact, enable access to global markets and create high-value jobs. The companies create large numbers of high value and high skill jobs as it grows. The paper recommends for improved entrepreneurship conditions so as to promote development of "high-growth entrepreneurship" and strengthen the quality of the entrepreneurial environment for firms [28].

The proposed implementation for modern-high-impact entrepreneurship includes the need to ensure adequate innovative skills; enhance entrepreneurship knowledge, education and training; informal employment in both formal and informal sectors improved; remove communication skill barriers; instil positive opportunity perception; ensure adequate entrepreneurship experience and put in place specific entrepreneurial strategies for youth with disability employment.

4.2.1 Ensure adequate innovative skills

There is a need of supporting acquisition, development, and utilization of innovation skills that allow youth to become innovative entrepreneurial. These include a combination of cognitive skills functional skills and technical skills. This demands technical and managerial skills; ensuring high quality of education; adequate access to education among youth with disability; adequate provision of technical education among both youth.

4.2.2 Enhance entrepreneurship knowledge, education and training

Governments should enhance processes of providing individuals with the concepts and skills to recognize opportunities in all fields and social economic sectors; build human capital resources on entrepreneurship knowledge, education and training skills; ensure that markets more competitive, encourages investment, and inspires the job and economic growth that is so vitally important to every nation [13,14]. There is a need to increase financial resources to fund the training programs and appropriate education system tailored to create job seekers.

4.2.3 Informal employment in both formal and informal sectors improved

Minimize informal sector and entrepreneurship barriers so as to enhance youth employment. Refine and design national policy strategies aiming at installing favourable regulations, increase ability to qualify for credit, make available adequate land for work premises, and ensure relevant skills and marketing efficiency. Also, there is a need for national policy strategies to be designed and implemented in order to reduce inappropriate government regulations, high levels of competition and crime and create enabling conditions for building infrastructure and funding systems.

4.2.4 Remove communication skill barriers

Communication skills that are needed by the competitive labour markets should be developed. There is a need to remove or minimize all types of communication skill barriers; remove perceptual and language differences; information overload; distraction/noise and complexity in organizational structure; put effective communication that enhances message and intention of the message being conveyed. All EA governments have to ensure adequate funding for communication skills development; develop curriculum that instil employment relevant communication skills; intensify labour market
responsive training programs for employability and productivity.

4.2.5 Instil positive opportunity perception

The governments should promote all entrepreneurial skills that will develop the positive perception of the youth into looking for opportunities. They should also put in place adequate entrepreneurship training and guidance; adequate number of business development centres; sufficient number of research and development activities; increase research finding disseminations and instil positive perspective towards entrepreneurship.

4.2.6 Ensure adequate entrepreneurship experience

Support youth to acquire adequate accumulated knowledge or mastery of an event or subject gained through involvement in or exposure to it. Allow mastery of know-how or procedural knowledge. There are needs to diversify sources, nature and types of learning experiences, promote availability of adequate entrepreneurship training and practical; avail good innovative skills among youth; expand entrepreneurship guidance from the parents and guardians; and improve access to finance the youth innovated ideas. All governments of EA countries should create conducive environment for private sector to play and establishment of business and entrepreneurship development centres where the youth will get education, technical and vocational trainings and get involved in practical undertakings.

CONSENT

As per international standard or university standard, respondents’ written consent has been collected and preserved by the authors.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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