



## Business Environment Reform Facility

*Barriers to Job Creation and Labour Market Access for Youth in Sub-Saharan Africa*

*Authors: Amalavoyal Chari, Justin Flynn, Philip Mader, Grace Mwaura, Marjoke Oosterom, Keetie Roelen, Robert Sam-Kpakra, Ayodele Ibrahim Shittu and James Sumberg*

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### About Business Environment Reform Facility (BERF)

BERF is funded by the UK Department For International Development (DFID) under the Business Environment for Economic Development (BEED) Programme. BERF is a central facility responding to demand from the DFID's priority Country Offices and stakeholders to initiate, improve and scale up business environment reform programmes. BERF is managed by a consortium led by KPMG LLP. The programme started in January 2016 and will finish in January 2019.

We provide expert advice, analysis of lessons learned, policy research about what works and what does not, and develop innovative new approaches to involving businesses and consumers in investment climate reform.

BERF has a strong emphasis on strengthening the Business Environment for women and girls, as well as for young adults more generally. It is also aiming to improve the relationship between business and the physical environment including where relevant through linkage to climate change analysis. BERF recognises the need for appropriate political economy analysis in order to underpin business environment reform processes and interventions.

### About this Report

Research for this study was conducted by Amalavoyal Chari, Justin Flynn, Philip Mader, Grace Mwaura, Marjoke Oosterom, Keetie Roelen, Robert Sam-Kpakra, Ayodele Ibrahim Shittu and James Sumberg through the Institute of Development Studies (IDS) between February and June 2017.

The views contained in this report are those of the authors and do not necessarily represent the views of any BERF consortium member or DFID or any of their professional advisors.

This is a working paper shared for discussion purposes only. No reliance should be placed upon this report.

## Acronyms and Abbreviations

AfDB	African Development Bank
APC	All People's Congress
BECE	Basic Education Certificate Examination
BER	Business Environment Reform
BERF	Business Environment Reform Facility
CEO	Chief Executive Officer
DFID	Department for International Development
EPL	Employee Protection Legislation
ESRC	Economic and Social Research Council
F-t-F	Face-to-Face survey
GCRF	Global Challenges Research Fund
HR	Human Resources
ILO	International Labour Organisation
JSS	Junior secondary school
LICs	Low income countries
MICs	Middle income countries
NHIF	National Hospital Insurance Fund
NBS	National Bureau of Statistics (Nigeria)
NYSC	National Youth Service Corps (Nigeria)
ODA	Official Development Assistance
RQ	Research Question
SDGs	Sustainable Development Goals
SM	Social media survey
SSA	Sub-Saharan Africa
SSS	Senior secondary school
WAEC	West African Exam Council
WASSCE	West African Secondary School Certificate Examination

## Contents

<b>Executive Summary</b>	<b>1</b>
<b>1. Introduction and Context</b>	<b>5</b>
1.1 Background	5
1.2 Purpose, approach and methodology	5
1.3 Structure of the Report	6
1.4 Limitations	7
<b>2. Insights from the literature</b>	<b>8</b>
2.1 Introduction	8
2.2 Demographics	8
2.3 Nature of youth employment	9
2.4 Skills-gap and mismatch, supply and demand	9
2.5 Education	10
2.6 Gender	11
2.7 Family background and networks	11
2.8 Labour market regulation	11
2.9 Specific constraints for young people	13
<b>3. Study Framework</b>	<b>14</b>
3.1 Formal employment relationships	14
3.2 Rigidities, realities and “work-arounds”	15
3.3 Study framework	16
3.4 The job creation gap	17
<b>4. Findings</b>	<b>20</b>
4.1 Young people’s salaried jobs	20
4.2 Formal and informal barriers to formal job creation	24
4.3 Access to the formal labour market	25
4.4 Success in the formal labour market	28
4.5 Young people’s perspective on their educational experiences	34
<b>5. Conclusions and Recommendations</b>	<b>36</b>
5.1 Conclusions	36
5.2 Summary of key findings and conclusions by research question	38
5.3 Recommendations	40
<b>6. Supplementary figures and tables</b>	<b>42</b>
<b>7. References</b>	<b>59</b>
Appendix 1     The study team	63
Appendix 2     The study methodology	64
Appendix 3     Anonymised list of interviewees	74
Appendix 4     Demographic, educational and employment information for survey respondents	76
Appendix 5     Profiles of three study countries	79
Kenya	79





Nigeria	81
Sierra Leone	83
Appendix 6      Productive employment and decent work	86
<b>List of Boxes</b>	
Box 1: Role of labour-market related BER and poverty reduction.....	13
Box 2: Evidence from a Recruitment Website in Nigeria .....	30
<b>List of Figures</b>	
Figure 1: Impact chain – BER and poverty reduction .....	12
Figure 2: The labour market as a competitive arena .....	17
Figure 3: Male respondents' descriptions of father's work, current and future work. ....	23
Figure 4: Female respondents' descriptions of mother's work, current and future work. ....	23
<b>List of Tables</b>	
Table 1: Access to and success in the labour market: potential barriers .....	18
Table 2: The demand-supply imbalance.....	19
Table 3: Conditions of employment associated with current and previous salaried jobs .....	21
Table 4: Labour market intermediaries and implications for access.....	28
<b>List of Supplementary Figures</b>	
Figure S1: Estimated composition of annual entry of new labour market entrants, Kenya .....	42
Figure S2: Estimated composition of annual entry of new labour market entrants, Nigeria .....	42
Figure S3: Estimated composition of annual entry of new labour market entrants, Sierra Leone.....	43
<b>List of Supplementary Tables</b>	
Table S1: Number of young respondents per study activity and country .....	44
Table S2: Respondents currently with a salaried job (%) .....	44
Table S3: Age of those with a salaried job compared to all respondents .....	44
Table S4: Education of those with a salaried job compared to all respondents .....	44
Table S5: Gender of those with a salaried job compared to all respondents .....	45
Table S6: Employer characteristics, respondents who currently have a salaried job.....	46
Table S7: Employer characteristics, respondents who currently do not have a .....	46
Table S8: Employer characteristics, respondents who currently do not have .....	47
Table S9: Monthly take home salary (for present jobs), monthly starting salary .....	47
Table S10: Length of time in salaried jobs and since last salaried job .....	48
Table S11: Reasons why those currently without a job left their last job.....	49
Table S12: Descriptors selected by respondents in relation to their future work.....	49
Table S13: Important job characteristics.....	50
Table S14: Accessing salaried jobs .....	51
Table S15: Accessing new jobs, by education.....	53
Table S16: Why respondents with jobs think they got the job .....	54
Table S17: Why respondents think they did not get the job .....	55
Table S18: What respondents think helped successful friends to find a good job .....	56
Table S19: Fairness in the recruitment process .....	57
Table S20: Perceptions of discrimination.....	57
Table S21: Respondent assessment of whether formal education prepares for getting a job .....	58
Table S22: Suggested improvement to education to better prepare young people to get work.....	58

## Executive Summary

### Objectives

DFID commissioned this Business Environment Reform Facility (BERF) research in Kenya, Nigeria and Sierra Leone to understand better the barriers to creating formal employment opportunities and the barriers to young people's access to formal employment opportunities. The aim is to inform interventions that could benefit young people and others who may be disadvantaged in the formal labour market. The study focused on *formal* and *informal* labour market rigidities and policies that help or hinder **formal job creation** and **access to formal employment opportunities** by young people and others.

### Methodology (Section 1)

The research was undertaken through a review of research and policy literature; interviews with key stakeholders; a face-to-face survey of young people in Nairobi, Lagos and Freetown; and a social media survey of young people to reach a wider demographic of young people in the three countries. The field research draws on information gathered from nearly 3000 young people (Table S1), of which 44% are in Kenya, 38% in Nigeria and 18% in Sierra Leone. The study provide an analysis of labour markets in the three study countries, and addresses six particular Research Questions (RQs) (Section 1.2).

There are limitations and constraints to the study methodology (Section 1.4). The survey respondents are self-selecting. They are not therefore representative of either the cities or countries as a whole. A higher proportion of respondents are in salaried jobs as compared with the population as a whole, with half or more of the social media survey respondents being in salaried employment, and more than 30% of the face-to-face survey respondents in all three countries (Table S2). The study does not attempt a comparative assessment of how barriers to employment differ between youth and other groups.

### Literature Review (Section 2)

The major findings from the literature review include the following:

- Sub-Saharan Africa faces a large increase in the number of young job seekers. Sixty percent of the population is under 35, and the population of youth is expected to double by 2050 (section 2.2);
- Youth employment is disproportionately informal, and even if formal, relatively insecure. There are high levels of inactivity, more-so for females (Section 2.3);
- There is a growing focus on the demand side in debates about employment relative to the long-standing focus on supply-side constraints such as a mismatch in skills (and education) (Section 2.4);
- Education remains an important area of focus for labour market studies. Returns to education are generally positive for those in employment, but in some cases higher levels of education can be associated with higher levels of unemployment (Section 2.5);
- There is little evidence in the literature that specifically links youth and gender issues to disadvantage in the formal labour market (Section 2.6);

- There is strong evidence that informal networks are important in accessing the labour market in developing countries. Lack of access to such networks is therefore an important “informal barrier” as far as young job seekers are concerned (Section 2.7);
- There is little strong or consistent evidence that labour related business environment reform in low-income countries leads to sustained job creation or improved access to jobs by young job seekers (though there are examples of studies in middle income countries which suggest that regulations can disadvantage the creation of formal sector jobs) (Section 2.8);
- The relationship between BER and employment is complex. BER should be viewed within a broad context of the overall impact on economic growth. There is strong evidence that labour-related BER has an impact on business owners and workers in different ways, but the impact is context specific (Section 2.9).

### Study Framework (Section 3)

**Definition of formal employment** (Section 3.1): The study focuses on barriers to “the creation of productive employment opportunities and decent jobs in the formal sector”. It is important to appreciate that the formality of relationships between employer and employee will vary across the spectrum from highly informal to highly formal. In theory, labour laws govern the formal sector jobs, but government may not enforce them. Contracts may include access to benefits that employers do not provide. We used the term “salaried job” as a working definition of formal employment.

**Rigidities and the labour market** (Section 3.2): The focus of the terms of reference on labour market rigidities contrasts with the reality that labour markets, which function in the context of a massive over-supply of labour, have particular characteristics. The markets function through particular mechanisms, such as the use of labour market intermediaries and informal networking to identify workers to a much greater degree than in more balanced labour markets. Such mechanisms, which we describe as “work-arounds” proved far more significant in the study findings than formal rigidities such as labour legislation.

**Labour market issues** (Section 3.3): The study found it helpful to distinguish between factors that influence whether a young worker has access to the labour market (being considered for a job), from factors which influence their success within the labour market (being offered a job).

**Job creation gaps** (Section 3.4): The study is located in countries with a very large demand-supply gap. Annual entrants to the labour market with more than a primary education number 632,000 in Kenya, 2.1 million in Nigeria, and 96,000 in Sierra Leone (Table 2). Actual formal job creation is at a fraction of this level.

### Findings

**Salaried Jobs** (Section 4.1): A model involving a linear transition from education to employment, and a polar distinction between formal and informal employment, is incorrect. A significant proportion of young people with salaried jobs do not have written contracts and many do not enjoy basic benefits (Table 3). Workers frequently experience intermittent employment, and reasonably frequent movements out of employment back into education or unemployment (Table S11). A majority (55%) of educated youth responding in the social media survey, however, do aspire to achieve permanent employment, with nearly half seeking a job with a monthly salary (Table S12).

**Formal and informal barriers to formal job creation** (Section 4.2): There is no strong evidence to suggest that over regulation is responsible for rigidities in the labour market. This reflects the fact that



factors that are more important influence business expansion, related to factors such as macro-economic, political and social stability, and supply side factors such as infrastructure and security. Labour laws and regulations are frequently not enforced so do not in practice have much impact on business expansion and job creation.

**Access to the formal labour market** (Section 4.3): There is evidence that the market for salaried jobs is highly segmented, with access being mediated in many cases by access to media (internet, social media), and through personal networks. There is little evidence of significant formal labour market barriers, but there are examples of interventions to formalise the informal mechanisms used to make them more open. Interview evidence suggests that lack of information about job opportunities is an important concern. There are important channels for formal recruitment processes with open advertising. Accessing a salaried job, however, is much more likely to be ascribed to the influence of a friend or relative than other factors (Table S14).

**Success in the formal labour market** (Section 4.4): There is no strong evidence that formal barriers play a major role or systematically influence which young people succeed in the formal labour market. Work experience is required by the majority of employers (Section 4.4.1), leaving young people in an 'experience trap'. Success in the labour market tends to be ascribed to informal mechanisms such as connections (Section 4.4.2). A significant proportion of young people identify a problem of unfair recruitment and discrimination where they were not successful (Table S19). A significant minority: 33 percent of face to face respondents from Nigeria, 17 percent from Kenya, and 28 percent from Sierra Leone strongly agreed or agreed with the statement "I feel discriminated when I apply for a job". (Table S20). Other factors which can influence success in the labour market include political affiliation (Section 4.4.4); access to labour market intermediaries (Section 4.4.5), and domestic relations within households (Section 4.4.6). Education also influences success in the labour market (Section 4.5). A majority of survey respondents (over 80% of respondents with jobs in all countries) considered formal education to prepare them for a formal job (Table S21); but a majority (over 60% in all countries) also consider that education should be made more practical (Table S22).

### Conclusions (Section 5.1)

1. The most important factors constraining job creation in the formal sector are not related to formal barriers commonly addressed through BER.
2. Informal barriers and market mechanisms are the most important factors influencing the access of young people to the formal labour market.
3. Many nominally formal sector jobs have limited entitlement or access to basic benefits associated with formal sector employment.

### Research Questions (Section 5.2)

The study findings in relation to the six research questions in relation to the study are summarised as follows:

1. There is little evidence that labour market rigidities constrain the creation of formal employment opportunities;
2. There is strong evidence that informal constraints such as use of personal networks in recruitment, limit the access of young people to the labour market;



3. Such constraints are unlikely to be a binding constraint on job creation, but will have an impact on equity;
4. There is insufficient evidence on successful labour market policies and reforms supporting employment opportunities and access to the labour market, and the dearth of job creation suggests that few such examples exist;
5. Disadvantages faced by young people entering the formal labour market include generic 'experience traps', (which restrict jobs to those with experience but constrain those without experience from getting jobs). There is limited sectoral evidence, but certain employers do target youth because of their potential productivity and cost advantages over older workers;
6. Policies and practices which can help young people to access formal sector jobs need to address the overall imbalance between supply of labour and demand for labour. In terms of practices, the use of informal networks to fill many jobs is a symptom of the acute over-supply of job seekers.

#### Recommendations (Section 5.3)

1. Engage with the agenda of supporting youth in a way that enables them to obtain skills and experience to improve their employment and livelihood prospects within the informal sector and the formal sector.
2. Work with employers and governments to promote recruitment processes that are open, transparent and non-discriminatory.
3. Support processes that strengthen labour market laws and governance to provide the right balance of incentives in terms of encouraging employers to work within the formal sector, and to provide fair working conditions to employees.

## 1. Introduction and Context

### 1.1 Background

DFID's policy is to increase support for, and investment in, the creation of employment opportunities for young people. DFID recognises that women and girls face greater challenges in obtaining access to education and employment opportunities. Unemployment levels are generally higher for young women than for young men.

Whilst there is a large body of research and experience around business environment reform (BER) in general, relatively little looks specifically at the barriers facing young people when they enter the labour market; how different BER affect these barriers and subsequently young people; and whether young people engage in and benefit from BER differently from older people.

An important background document to this study is DFID's unpublished paper on "**Youth, Employment and Welfare**" (DFID, n.d.-b), which has a particular focus on jobs with "regular wage payments, a prospect of increasing productivity and [increasing] pay over time, and somewhat better conditions" (p.3). The paper concludes that responses must aim to increase dramatically the number of these jobs. Otherwise, youth employment interventions will risk becoming a zero-sum game with a direct trade-off between jobs for youth and jobs for older people. The DFID paper assumes that overly restrictive labour law and regulations play a role in determining labour market dynamics and outcomes for young people.

### 1.2 Purpose, approach and methodology

The purpose of the research was to understand better the barriers to creating **formal employment** opportunities that could benefit young and other groups that may be disadvantaged in the formal labour market. The objectives of the study were to identify the formal and informal labour market rigidities and policies that:

- Help or hinder **job creation** in Kenya, Nigeria and Sierra Leone (the three case "study countries").
- Help or hinder **access to employment opportunities** for young people (and especially young women)

The study provides an analysis of labour markets in the three study countries, and addresses six research questions (RQs):

- **RQ 1:** What are the formal and informal constraints (including labour market rigidities and labour market policy) to **creation of productive employment opportunities and decent jobs in the formal sector** of these economies?
- **RQ 2:** What are the formal and informal constraints (including labour market rigidities and labour market policy) to **access to these jobs for different groups, and in particular young people including women and girls**?
- **RQ 3:** Are these **constraints binding** (i.e. are **employment opportunities in practice lower** because of them and would removing them lead to more employment opportunities)? What is their **impact**? How have they been **addressed elsewhere**?
- **RQ 4:** What labour market **policies or reforms have supported growth in employment opportunities and access to the labour market** in these countries?

- **RQ 5:** What particular **disadvantages do young people face** when accessing labour markets in these countries? Do these vary by sector (considering the **priority sectors** of DFID country offices)? Do they **vary across different age groups, gender**, household income or other stratum?
- **RQ 6:** What **labour market policies and practices help young people** access the labour market and what type of policies and practices **hinder their access**?

The composition of the study team is shown in Appendix 1. The study methodology is described in detail in Appendix 2. The study was built around **four** main research activities:

- **Review of research and policy literatures**, and official statistics, relating to labour markets in general and youth labour markets in specific in the three study countries and Sub-Saharan Africa (SSA) more widely.
- **Interviews** with key stakeholders including young people, private and public-sector employers, business representatives, NGOs and other organisations, government officials and policy makers with an interest in youth employment. An anonymised list of the 49 interviewees<sup>1</sup> can be found in Appendix 3.
- **A Face-to-Face (F-t-F) survey** of young people who are in salaried jobs or seeking salaried jobs in Nairobi, Lagos and Freetown. The survey focused on the conditions of salaried employment; how jobs are identified and secured; perceptions about fairness of recruiting processes; and attitudes toward gender roles at home and at work. Basic demographic, educational and employment information on the 918 F-t-F survey respondents is given in Appendix 4.
- **An experimental Social Media (SM) survey** of young people, for which respondents were recruited with paid advertisements on Facebook and LinkedIn, and which focused on the role of intermediaries in the labour market. This survey allowed us to gather information from a much larger number of young people living in different parts of the study countries. Basic demographic, educational and employment information on the 2,031 SM survey respondents is given in Appendix 4.

In total, the field research component of this report is based on information gathered from nearly 3,000 young people (Supplementary Table 1).

In addition, a small scoping study was undertaken in Sierra Leone providing insight into the experiences and challenges that school leavers in Sierra Leone face when they enter the labour market. The report of this scoping study is published as a separate report.

### 1.3 Structure of the Report

- Section 2 identifies key insights from the **literature**.
- Section 3 explores key concepts and presents the **study framework**.
- Section 4 presents the study findings in relation to the **formal jobs** that young people are doing and hope to do; barriers to job creation; access to the formal job market; success in the

<sup>1</sup> For clarity, in the remainder of this report we refer to individuals who participated in the stakeholder interviews as **interviewees**, while those who participated in the F-f-F and SM surveys and the Tracer study, are referred to as **respondents**.

formal job market; and young people's perspectives on their education and how it might be improved.

- Section 5 concludes by identifying **implications** and **recommendations** of the study for BER and for policy and programmes focused on increasing young people's access to and success in formal labour markets.

Brief profiles of the three study countries are provided in Appendix 5.

#### 1.4 Limitations

This study has limitations, which are acknowledged.

- While the focus of the study was two-pronged – on barriers to formal job creation and barriers to young people's access to the formal labour market – the weight of the data we collected bears on the question of barriers to young people's access to formal jobs. We address the question of job creation primarily by drawing on existing documentation (and specifically recent growth diagnostics) and the interviews.
- Analysis is hindered by the availability and quality of official statistics relating, for example, to formal sector employment and job creation.
- Both the F-t-F and SM surveys are limited by the fact that the methods used to recruit individuals into the surveys were unlikely to reach those individuals who either were present neither in the capital city, nor on social media (or both).
- Given the other limitations of the study, it is difficult to say what is truly "youth specific" in terms of access to and success in the formal labour market. Limited resources meant that no adult comparator group could be included. We do not know, for example, whether young people experience more employment instability than older workers, or are more likely to have their employment rights challenged.

## 2. Insights from the literature

### 2.1 Introduction

Youth employment is attracting policy and research attention (e.g. MasterCard Foundation, 2015; AfDB, 2016b; Baah-Boateng, 2016; DFID, n.d.-b). Much of this is focused on the implementation of employment programmes, geared mainly towards entrepreneurship and supply-side interventions (e.g. skills training programmes) (Flynn et al., 2017). More recently, with the growing realisation that “the biggest obstacle” to youth entering the labour market “is insufficient demand for their labour” (AfDB et al., 2012: 133), there has been increased interest in demand side issues.

It is widely acknowledged that work in the area of youth and labour markets in Africa area is hampered by a lack of good quality data. Cling et al. (2007) noted the lack of good labour market data in Africa. Guénard and Nilsson (2015) find that efforts have been made to bridge this gap, but as indicated above, that there are still few studies based on reliable and consistent labour market data.

Main relevant findings from a review of the literature:

- Sub-Saharan Africa faces a large increase in the number of young job seekers. Sixty percent of the population is under 35, and the population of youth is expected to double by 2050;
- Youth employment is disproportionately informal, and even if formal, relatively insecure. There are high levels of inactivity, more-so for females;
- There is a growing focus on the demand side in debates about employment, and declining focus on supply-side constraints such as a mismatch in skills (and education);
- Education remains an important area of focus for labour market studies. Returns to education are generally positive for those in employment, but in some cases higher levels of education can be associated with higher levels of unemployment;
- There is little evidence in the literature that specifically links youth and gender issues to disadvantage in the formal labour market;
- There is strong evidence that informal networks are important in accessing the labour market in developing countries. Lack of access to such networks is therefore an important “informal barrier” as far as young job seekers are concerned;
- There is little strong and consistent evidence that labour related business environment reform in low-income countries leads to sustained job creation or improved access to jobs by young job seekers (though there are examples of studies in middle income countries which suggest that regulations can disadvantage the creation of formal sector jobs).

### 2.2 Demographics

Africa’s population is young and growing. Sixty percent of the population is under the age of 35, and the population of youth, aged 15 to 35, is expected to double to 830 million by 2050 (AfDB, 2016c; AfDB, 2016a). This means that the labour force will be relatively youthful for decades (AfDB, 2016a). Indeed, with this growing youth bulge, it is estimated that “By 2035 the number of people reaching working age in sub-Saharan Africa will exceed that of the rest of the world combined” (Christine Lagarde, cited in Woollcombe, 2017: 39). Within the continent, it is expected that the labour force in West and Central Africa will remain the youngest for longest, as these are expected to be the last regions to go through a youth-intensive demographic transition (AfDB, 2016a). Despite strong growth





of African urban areas, Boyer and Guénard (2014) find that “young Sub-Saharanans still remain massively rural or small-town dwellers”, and (Losch, 2012) suggests that “the majority of the region’s jobseekers will be rural through to 2034” (also see Filmer et al., 2014).

### 2.3 Nature of youth employment

Youth employment in Africa tends to be informal, and even if formal, relatively insecure. Young people are “systematically more likely to work in agriculture” than adults (DFID, n.d.-b: 4); more likely to be unemployed than adults (see for example Johnson and Layard, 1993; Sackey and Osei, 2006; AfDB et al., 2012; Baah-Boateng, 2013; Baah-Boateng, 2015); and are characterised by a relatively high “inactivity rate”, which is higher for females than males (Anyanwu, 2013).

Few jobs in Africa are formal waged jobs, and even fewer are in manufacturing or industry (DFID, n.d.-b). Young people have little scope to enter the formal labour market, and the share of young people finding themselves in informal employment is “significantly higher” than for older adults (AfDB et al., 2012: 100). A labour market survey of young people (aged 15-29) in eight SSA countries found that 72 percent were self-employed, and only 10 percent had “regular” (salaried) employment (Elder and Koné, 2014). Only a quarter of the relatively few young people who were in wage employment had a standard employment relationship that included a written contract: and even with a contract, many of these jobs were in fact short term or temporary. Less than one-fifth of young wage employees received additional entitlements such as paid annual or sick leave. Formal employment and a written contract do not provide a guarantee against “vulnerable employment” (also see: AfDB et al., 2012; Filmer et al., 2014; ILO, 2014).

### 2.4 Skills-gap and mismatch, supply and demand

The “skills-gap” is a widely used framing device in both policy and research relating to young people and employment in Africa. The related notion of “skills mismatch” also figures prominently in policy debates. Anyanwu (2013) makes the case:

*“As with many developing regions of the world, Africa is characterized by persistent skills mismatches as confirmed by the World Bank’s Enterprise Surveys. The skills mismatch occurs in various areas, including entrepreneurial and managerial skills, analytical capabilities, language acquisition, and other technical skills. The mismatch between available skills and the job market’s needs in most African countries hinders employment growth.” (p.114)*

Skills gap and skills mismatch reflect a supply-side perspective, where the challenge is to use education and training to close the gap between the skills demanded by formal sector employers and the skills that young people bring to the market. This perspective is rooted in the long-established understanding of the critical role of education – human capital development – in economic and social development, and in individual advancement and social mobility.

There is however increasing recognition that rather than skills, the more important gap – the “jobs gap” – is between the large number of young people seeking formal jobs and the limited number available (AfDB et al., 2012: 133; Flynn et al., 2017).<sup>2</sup> This shifts the focus to the demand side, growth, and

<sup>2</sup> For example, the AfDB (2016b) finds that only three million formal jobs are being created annually in Africa, despite the 10 to 12 million young people (aged 15-35) entering the workforce every year.

particularly labour-intensive growth (Baah-Boateng, 2016). Three aspects of this shift to the demand side are of relevance to this study:

- Sustained, inclusive growth requires a “stable macroeconomic and political environment” (AfDB, 2016a: 133);
- The other factors constraining economic growth and the demand for wage labour; and
- The effects of the demand-supply gap on labour market dynamics and outcomes.

The last two of these bring BER into focus: from a practical perspective, the questions are whether BER can play a significant role in increasing the rate at which new formal jobs are created, and whether BER can make the formal labour market more accessible.

## 2.5 Education

Education is regarded as an important factor constraining the employability and productivity of African youth, though there are important debates about the extent to which education can provide economic returns in the absence of demand for educated labour.

Despite gains made over recent decades, a survey of eight Sub-Saharan African countries found that an average of 15 percent of Africans never attend school while many others leave before completing primary school or with only a primary school education (Elder and Koné, 2014). According to Elder and Koné (2014: 2), the probability that these young people will find “decent” employment is compromised, “especially in jobs requiring a minimum of general knowledge”. Those with less education “are more likely to create their own job in self-employment or to accept lower wages” (*ibid.*) and in many countries “the young person with the lowest level of education is the least likely to be unemployed” (also see for example Stampini and Verdier-Chouchane, 2011).

Debates persist about the effects of education on employment outcomes, unemployment and inactivity rates. One line of argument is that school leavers and university graduates are more likely to be unemployed and under-employed “in jobs that do not effectively utilise the knowledge and skills they acquired while at university” (Al-Samarrai and Bennell, 2007: 1292; see also Choudhry et al., 2012). Some studies in Africa and other developing countries, for example, point to higher unemployment rates among individuals with at least a secondary school education relative to the less educated (e.g. Dickens and Lang, 1995; AfDB et al., 2012; Baah-Boateng, 2013; Aryeetey et al., 2014; Baah-Boateng, 2015; Baah-Boateng, 2016). This has been explained by the unattractiveness of the informal sector to those with education. Other studies suggest that school leavers are more likely to be employed than those with less education: however the proportion in wage employment is still very small and many of the jobs are in “survivalist” micro enterprises that require limited skills (Al-Samarrai and Bennell, 2007).

Much has been written about the problems of unemployment and underemployment among university graduates in Africa (Dabalen et al., 2001; Premand et al., 2012; Baah-Boateng, 2016), but young people with a tertiary education are much more likely to attain stable employment than those with primary education or less. Research on the transition to work in eight SSA countries found that “the average monthly wages of youth increases steadily with each incremental step of education” and that people with tertiary degrees earn three times more than people without degrees (Elder and Koné, 2014: 3).

Despite the apparent returns to investment in education, Al-Samarrai and Bennell (2007: 1293) urge caution:



*“A key objective of national economic reform programmes has been to create the necessary ‘enabling environments’ for the development of larger, more productive enterprises that produce a wide range of goods and services with good growth potential. The evidence from the surveys shows that these policy regimes are not working, certainly with regard to educated youth.”*

## 2.6 Gender

There is very little in the literature that specifically links youth and/or gender (or gender relations) to formal labour markets in SSA. The literature contains a number of generalisations about young women and men, and their relationships to work in Africa, including: young women are more likely to be unemployed, inactive, and work in the informal sector, and that these gender differences tend to be more pronounced in countries with high levels of youth unemployment. Common perceptions about the systematic discrimination against women in job markets are not always rooted in evidence from formal labour markets.

“**Youth, Employment and Welfare**” (DFID, n.d.-b) suggests that there are specific issues around labour market access associated with formal and informal rigidities. While these are said to affect young people in general, they are supposed to be particularly constraining for young women and other excluded populations. The exact nature of these gender-discriminating rigidities remains unspecified. In a study of 12 African countries, Al-Samarrai and Bennell (2007) found that with the exception of Zimbabwe, the gender gap in relation to wage employment was almost entirely erased, however, the salary gap remained quite large.

## 2.7 Family background and networks

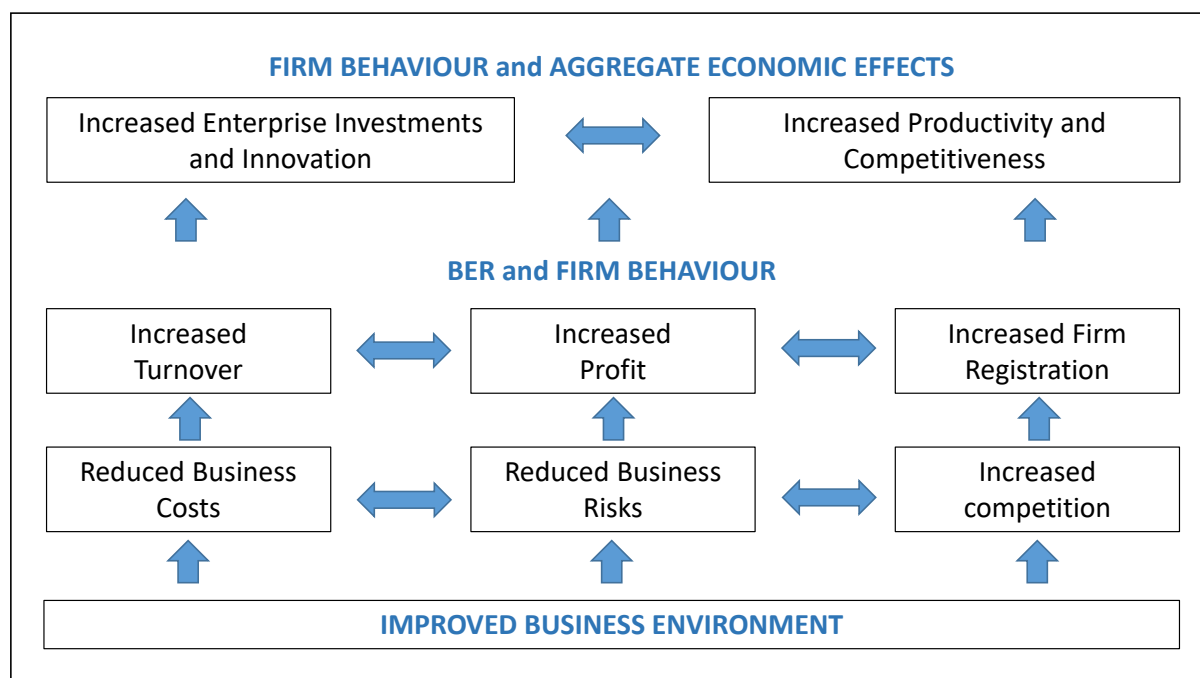
There is some evidence that young people’s family background can play a role in whether, and how successfully they engage with the formal labour market. Almost all labour markets studies in SSA point to the importance of networks in job seeking (Jackson, 2010). For example, the professional networks that arise from the jobs and acquaintances of family members can be important for a young person’s employment prospects (Mano et al., 2011; Zhang and Zhao, 2011; Verhaeghe et al., 2013; Nordman and Pasquier-Doumer, 2015; Baah-Boateng, 2016). Across eight SSA countries, the majority of the employed youth had used a personal connection – either a family member or friend – to secure their job. Less than 10 percent of unemployed young people had registered in an employment centre, while around 15 percent had responded to job adverts (Elder and Koné, 2014). Having “successful” brothers and sisters decreases the length of time to the first job (Guénard and Nilsson, 2015). Along similar lines, in Cameroon rural parentage was shown to have a negative impact on access to the formal labour market (Giroux, 2008).

## 2.8 Labour market regulation

The theory of change underpinning business environment and investment climate reform is that they will stimulate investment and growth and thus have a positive impact on poverty (Figure 1). Labour-related BER, for example in relation to minimum wage and employment protection, should reduce the cost of labour, shift labour to more productive jobs, boost job creation, and allow businesses to be more responsive and flexible.



**Figure 1: Impact chain – BER and poverty reduction**



**Source:** Adapted from White and Fortune (2015)

Evidence supporting labour-related BER in low-income countries is neither strong nor consistent. There is less evidence from low income countries (LICs) compared to middle-income countries (MICs).

- A review of research from countries that are, or were until recently, classified as LICs concluded that most studies showed some association between more stringent labour regulations and increased reliance on informal employment (Nataraj et al., 2014). A meta-regression analysis of the impact of minimum wages on formal and informal employment also suggested that higher minimum wages were associated with lower formal employment and a higher share of informal workers.
- Because it is relatively easy to join the informal sector, regulations are likely to have stronger impacts on formal employment, but impacts on unemployment would be more limited.
- In relation to regulations around hiring and firing, there is some indication that employee protection legislation (EPL) and severance pay reduce formal employment, but one particular study from India found that firing rigidities only reduce formal employment when dispute resolution is also difficult (Ahsan and Pagés, 2009).

BER may be part of the story of economic growth and job creation, but it must be understood in a wider perspective. Box 1 highlights conclusions from a recent review of evidence on BER and poverty (White and Fortune, 2015). The effects of labour-related BER vary, and “are of a smaller scale than most reformers tend to argue”. The review also highlights the fact that the relationship between BER and economic growth is affected by a wide range of factors.

### **Box 1: Role of labour market related BER and poverty reduction**

“This REA [rapid evidence assessment] did not find any evidence that demonstrates a direct link between BER and poverty reduction. Strong and consistent evidence was found that reform affects poverty indirectly by changing the behaviour of private firms, although these effects varied and were of a smaller scale than most reformers tend to argue.

Because more and better-paid employment is critical to lifting people out of poverty, the **role of labour-related BER** has been given significant attention. There is strong and consistent evidence that labour-related BER affects the decisions of business owners and impacts on poor workers in different ways. However, while all studies identified the increase in costs associated with reforms that strengthen employment protection, not all agree that these costs are negative. The employment effects of increased employment protection vary according to firm size and can reduce the employment opportunities available to young and inexperienced workers.

Researchers are careful about making claims regarding the outcomes of reform. While there is strong and consistent evidence on the positive association between the quality of business regulation and economic growth, there is little evidence found that confidently asserts the relationship between BER and economic growth. This is largely due to the wide range of factors that also affect this relationship.” (p.34).

**Source:** White and Fortune (2015)

### **2.9 Specific constraints for young people**

The premise of this research is that there are rigidities or barriers in the formal labour market that affect young people specifically, or more intensely, than older adults. Being young is associated with having relatively limited work experience, less well-developed personal and professional networks, and limited knowledge of the labour market. These youth-related barriers are particularly important when advertised jobs require significant levels of experience, giving rise to the so-called “experience trap” (Baah-Boateng, 2016). This may be especially severe when the formal job market is not expanding and employers can reduce their risk by hiring older and more experienced workers (AfDB, 2016a). The lack of knowledge of the labour market would also be expected to make the identification of employment opportunities more difficult (Levinsohn et al., 2014). Finally, limited experience, and precarious employment contracts mean young people are more vulnerable to layoffs in times of economic recession (Bell and Blanchflower, 2011; Baah-Boateng, 2013).



### 3. Study Framework

#### 3.1 Formal employment relationships

The focus of the study TOR is on formal and informal barriers to “**creation of productive employment opportunities and decent jobs in the formal sector**” (emphasis added). Definitions of productive employment and decent work are given in Appendix 6.

According to the ILO labour market governance refers to “the public and private institutions, structures of authority and means of collaboration that coordinate or control activity at the workplace and in the labour market. In other words, labour market governance refers to the totality of policies, norms, laws, regulations, institutions, machinery and processes that influence the demand and supply of labour in an economy” (ILO, 2011: 2). When labour law and regulations are not enforced there is a gap between *de jure* and *de facto* governance of labour markets. This gap also accounts for the fact that jobs that at one level appear to be formal, high status and reasonably well paid, may be experienced by the employee as insecure, precarious and vulnerable. The gap between *de jure* and *de facto* governance in the study countries can be significant, and this gap has implications for strategies that promote wider participation in formal employment.

Because it is inherently problematic to distinguish between the informal and formal sectors in this study the focus is on the formality (or informality) of the **relationship** between the employer and the employee. This recognises that these relationships fall on along a continuum between highly formal and highly informal. It is possible for formal enterprises to have highly informal employment relationships. Indicators of a more formal employment relationship include a written contract, a sense of job security, access to a pension scheme, health insurance, grievance procedures etc.

The formality of an employment relationship depends on more than just the direct relationship between employer and employee. The assumption is that a formal relationship is governed by labour laws, regulations and norms, which identify rights and responsibilities, and appropriate channels for recourse in cases of grievance. However, if labour laws and/or regulations are not enforced (or enforceable), or channels for redressing grievances are not available or do not function, the formality of the employment relationship is undermined. Lack of enforcement of labour laws has been highlighted very clearly in Kenya, with specific regard to minimum wage legislation: “the Ministry of Labour’s resource constraints undermine the strict enforcement of wage guidelines, *even in the formal sector*” (Munga et al., 2014: 331) (emphasis added). Despite the enactment of legislation in 2007 to reform the labour market, resources for labour inspection have reduced four-fold, leading to “constrained” implementation of labour laws.

Entitlements may exist in principle – e.g. to due process, medical insurance, paid annual or sick leave etc. – but is may not be feasible to claim these in practice. Entitlements may not be claimed when official channels are unlikely to deliver a resolution in a timely manner. More broadly, the knowledge that there are many people ready to take their position may mean that employees are hesitant to claim what is due to them.

It is important to put the study’s focus on formal employment into perspective. In the three study countries, the majority of young workers do not presently have, even using the broadest of definitions, formal jobs. In Sierra Leone for example there may be only 100,000 formal jobs in total, mainly confined to the public sector (DFID, n.d.-a). Stampini et al. (2013) estimated that across a selection of African countries, nine out of ten workers were in the private sector, **but most private sector jobs were**

**informal**, with only one in 10 workers holding permanent or formal wage employment. This reflects the structure of these economies and their place in the global economy, and demography, as well as the local business environment. The dominance of informal work is likely to continue for some time into the future.

The study is motivated by a belief that productive, decent work is more likely to be formal than informal, and is built on the proposition that analysis of today's formal labour markets – no matter how small they are – can yield important lessons for the future.

It proved challenging to find a clear and simple way to communicate the kind of employment or employment relationship that the study was focused on. The term “**salaried job**” was finally settled upon, and it is used in the remainder of this report. The terms and conditions associated with the salaried jobs that young people have vary widely, and in many cases fall far short of the ideal of a formal or “proper” job, and in some cases may not meet the criteria for decent work.

### 3.2 Rigidities, realities and “work-arounds”

BER focuses on the identification and removal of constraints and rigidities that limit economic growth. In relation to labour markets, these constraints and rigidities might include minimum wage legislation or measures meant to protect workers, but which are inappropriate. However, these measures can only act as constraints if they are enforced. A key point is the importance of distinguishing between the *de jure* and *de facto* governance of the labour market.

The more formal side of labour markets in SSA in general, and certainly in Kenya, Nigeria and Sierra Leone, is characterised by a significant imbalance between the number of jobs available and the number of job seekers (see Section 3.4). Despite arguments by some that a lack of demand in the labour market may not be an issue (e.g. in relation to Sierra Leone see MCC, 2013), the simple fact is that the rate of formal job creation has been grossly inadequate in relation to the expanding pool of increasingly educated and ambitious job seekers. Labour market barriers and rigidities may be part of the explanation for this gap.

The imbalance between jobs available and job seekers, rather than barriers and rigidities, is the primary factor driving the behaviour of labour market actors. For example:

- Faced with thousands of potential applicants, employers seek reliable and efficient ways to identify suitable candidates
- Faced with very few openings, job seekers seek ways to maximize their chances of identifying, being considered for and ultimately being offered a position
- Faced with a very imperfect labour market, intermediaries search for niches, products and services that allow them to generate profit or social benefit

We refer to the behaviours generated by the demand-supply imbalance as “work-arounds”, because they allow market actors to function under less than ideal circumstances. For example, instead of advertising and having to sift through hundreds of applications, an employer uses work colleagues who refer to family, personal or professional networks to fill a vacant position: this is a work-around. In the absence of opportunities that match their experience, skills and ambitions, a job seeker applies for all jobs that are available, regardless of the mismatch between requirements and qualifications, in the hope

they might get lucky: this can be seen as another work-around.<sup>3</sup> Work-arounds like these can have important implications for who has access to and who succeeds in the labour market. These differential effects need to be considered in the analysis of potential barriers and constraints to access and success: they are probably of much more direct significance than labour market regulations, many of which are not enforced.

Labour market intermediaries – including individuals, agencies and companies, as well as other mechanisms (internships, internet platforms, social networks and social media) – provide or are used to facilitate a number of these work-arounds. There is much literature on the theory and practice of labour market intermediation in developed economies. The thrust of this literature is that by interceding between job seekers and employers, matching the supply of jobs with the demand for them, intermediaries allow labour markets to be more efficient and flexible. Intermediaries change how jobs are accessed and the relationship between employer and worker (Bonet et al., 2013). There is however only a limited research literature on intermediaries and intermediation in Africa’s labour markets, and this focuses particularly on the role of family connections (e.g. Mano et al., 2011; Nordman and Pasquier-Doumer, 2015). It is striking that recent key documents on youth employment and labour markets in Africa make little if any mention of the role or significance of intermediaries (Filmer et al., 2014; MasterCard Foundation, 2015; AfDB, 2016a).

Work-arounds necessitated by the imbalance of supply and demand, and the intermediaries that facilitate them, may increase access to and success in the labour market for some young people while restricting them for others.

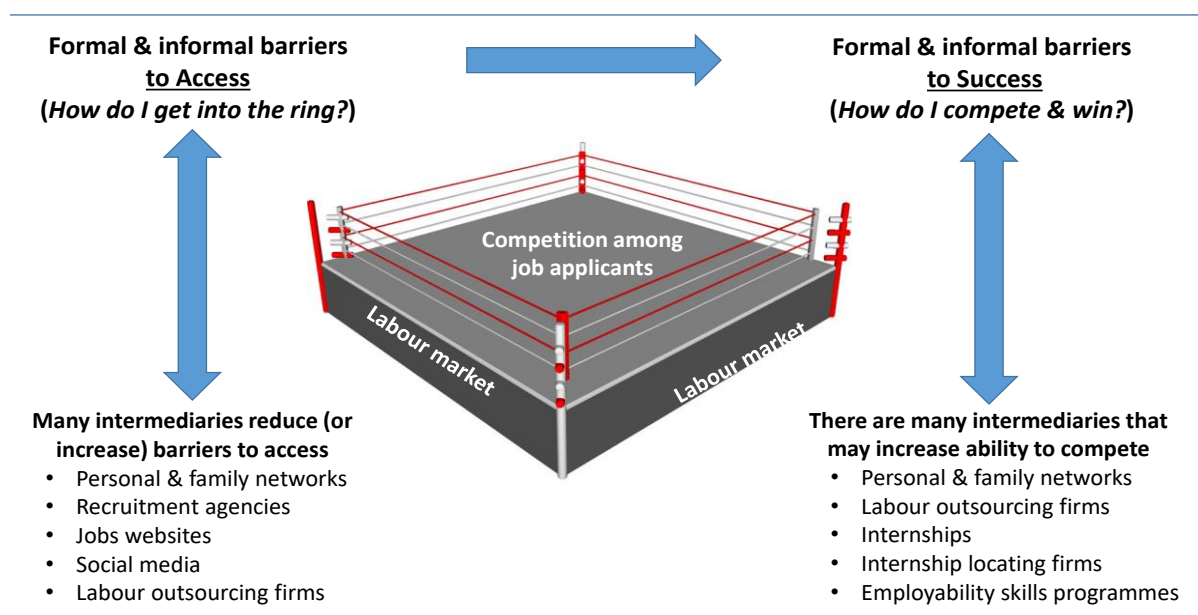
### 3.3 Study framework

The study TOR refers to “formal and informal labour market rigidities and policies that may help or hinder *access to employment opportunities* for young people” (emphasis added). It is useful to disaggregate the notion of access into two elements: “**access to**” the market and “**success in**” the market.

The labour market can be seen as a space in which job seekers compete for a limited number of jobs (Figure 2). The first element of access, therefore, is knowledge or awareness that a job is available or that a recruitment process is taking place. Only with this knowledge, can a job seeker express interest in being considered, or “throw her hat into the ring.” Without this knowledge, no matter how experienced, qualified or motivated the job seeker, she cannot enter the competition. A major concern of this study, therefore, is the existence of formal and/or informal barriers that restrict this knowledge.

<sup>3</sup> The head of human resources at a bank in Nigeria noted this behaviour, with some people applying to all vacancies apparently without taking note of the requirements (N:SHI-07).

**Figure 2: The labour market as a competitive arena**



However, access is only half of the story because for the job seeker the point is not only to be considered, but also to succeed in the competition, to be offered the job. In an ideal world, the competition between job seekers revolves around qualifications, relevant technical and soft skills and experience, etc. In practice, there may be formal and/or informal barriers that come into play, which may provide some job seekers with a competitive advantage or disadvantage.<sup>4</sup>

The study is concerned with both formal and informal barriers that affect:

- **Access** to the labour market (in the sense of a job seeker having the knowledge that enables her to be considered for a position)
- **Success** in the labour market (in the sense of the job seeker competing for and being offered the job).

Using this simple framework some potential barriers are identified in Table 1. The question is not so much whether these or other such barriers exist, **but whether their effects are excessive and/or discriminatory**.

### 3.4 The job creation gap

The imbalance between demand and supply in the formal labour market has already been referred to and Table 2 summarises what is known about this imbalance for the three study countries.

<sup>4</sup> For this study, formal barriers are considered to arise from laws or regulations, while informal barriers rise from individual or group behaviour, social norms or conventions.

**Table 1: Access to and success in the labour market: potential barriers**

Element	Formal barriers	Informal barriers	Enablers / “work-arounds”
Access to labour market (getting your hat into the ring)		<ul style="list-style-type: none"> <li>▪ Lack of access to newspapers or internet</li> <li>▪ Jobs not publically advertised</li> </ul>	<ul style="list-style-type: none"> <li>▪ Friends, family, alumni &amp; professional networks</li> <li>▪ Recruitment agencies &amp; websites</li> <li>▪ Social media</li> <li>▪ Labour outsourcers</li> <li>▪</li> </ul>
Success in labour market (competing for and being offered the job)	<ul style="list-style-type: none"> <li>▪ Gender and/or age restrictions (e.g. that might be related to insurance carried by employer)</li> <li>▪ Requirement for specific professional qualification</li> <li>▪ Requirement for an excessive number of years of previous experience</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reputation of university, college or school</li> <li>▪ Lack of experience</li> <li>▪ Lack of technical and/or soft skills</li> <li>▪ Quality of referees</li> <li>▪ Gender, religious or ethnic discrimination</li> <li>▪ Political leanings or affiliation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Friends, family, alumni &amp; professional networks (giving inside knowledge, Inside contacts)</li> <li>▪ Employability skills programmes</li> <li>▪ Internships, apprenticeships, volunteering</li> <li>▪ Labour outsourcers</li> <li>▪ Recruitment agencies</li> </ul>



**Table 2: The demand-supply imbalance**

	Job Creation	Youth Labour Supply
Kenya	<ul style="list-style-type: none"> <li>The rate of creation of new jobs is outpacing the growth of the working-age population (4.5 percent vs 2.8 percent), but the vast majority of these jobs are in the informal sector. 841,600 jobs were added to the Kenyan economy in 2015 (outside of small-scale agriculture and pastoralist activities) (Kenya National Bureau of Statistics, 2016).</li> <li>Munga et al. (2014) found that despite strong growth since 2002, the creation of jobs in the formal sector has been minimal, and steadily declining. While formal sector employment represented 78 percent of the labour market in 1989, official statistics suggest it decreased to 26 percent in 2002, 19 percent in 2010, and 15 percent in 2015 (Munga et al., 2014; Kenya National Bureau of Statistics, 2016).</li> </ul>	<ul style="list-style-type: none"> <li>The working age population is estimated to be increasing by more than 950,000 per year (Escudero and Mourelo, 2013), and will likely continue to do so until 2050.</li> <li>Government data suggests that there are approximately 1.6 million new entrants to the labour market annually, of which 632,000 (i.e. those entering with more than a primary education), may be looking or hoping for a salaried job (Supplementary Figure 1).</li> </ul>
Nigeria	<ul style="list-style-type: none"> <li>Job creation has not kept up with the number of labour market entrants. It is estimated that while the labour force grew by 23.5 percent per annum between 200 and 2010, available jobs grew at only 1.4 percent per annum (Alemu 2015).</li> <li>The government plans to cut under- and unemployment by creating 5 million jobs by 2020, compared to a loss of jobs in 2016 (Republic of Nigeria, 2017). This is intended to be achieved through the development of and strong growth in labour intensive sectors, including agriculture, manufacturing, housing and construction.</li> </ul>	<ul style="list-style-type: none"> <li>According to the Federal Office of Statistics (2008) there are about 4.5 million new entrants into the labour market annually, made up of 2.2 million primary school leavers not proceeding to secondary school, one million secondary school leavers not proceeding to the tertiary level, and 300,000 graduates.</li> <li>The World Bank (2015) estimates a need for 40 to 50 million additional jobs between 2010 and 2030.</li> <li>Government data suggests that there are approximately 5.5 million new entrants to the labour market annually, of which 2.1 million (i.e. those entering with more than primary education) may be looking or hoping for a salaried job (Supplementary Figure 2).</li> </ul>
Sierra Leone	<ul style="list-style-type: none"> <li>The government set a target of creating 200,000 jobs per year (DFID, n.d.-a), while the World Bank estimates there is a need for a total of 300,000 jobs to employ skilled and unskilled youth (cited in Danish Trade Council for International Development and Cooperation, 2015).</li> <li>Despite ambitious targets young people probably have access to fewer than 5,000 salaried jobs per year, and this despite the use of internships and work experience programmes to facilitate the entry of young skilled people into the formal labour force (DFID, n.d.-a).</li> </ul>	<ul style="list-style-type: none"> <li>There are approximately 275,000 new entrants to the labour market annually, of which 96,000 (i.e. those entering with more than primary education), may be looking or hoping for a salaried job (Supplementary Figure 3).</li> </ul>

## 4. Findings

This section presents the research findings. First, young people's current and previous salaried jobs are described. This is followed by a discussion of the salaried jobs they would like, which includes a comparison with the work done by their parents. Barriers to job creation, access to and success in the job market are then addressed in turn, followed by a discussion of perceptions of discrimination in the labour market.

### 4.1 Young people's salaried jobs

#### 4.1.1 Current and past jobs and conditions of employment

Key findings about young people's salaried jobs and the jobs they aspire to are:

- A significant proportion of young people with salaried jobs do not have written contracts, and relatively few enjoy basic benefits like paid sick leave and paid annual leave.
- Even with a contract, formal sector work in Africa can be short-term or temporary: it is wrong to assume that salaried or formal sector employment necessarily means stable employment.
- There is a significant degree of churn in this part of the labour market, reflecting both the nature of the employment relationship (i.e. very limited commitment) and a strong motivation on the part of young people to further their education (presumably to gain advantage in the labour market).
- For many young people, engagement with the formal labour market is intermittent.
- Precarious employment and vulnerability arise for a number of reasons, one of which is inconsistent enforcement (or no enforcement) of existing labour law and regulations. The lack of consistent enforcement, the absence of functional channels through which to address legitimate grievances, and the knowledge that there are many people hungry for a job, will act as disincentives to employees who might want to claim their legal rights or air a grievance. This represents a failure of labour market governance.
- It is wrong to assume a simplistic, linear conception of a 'once and for all' school-to-work transition. Individual young people may navigate several school-to-work and work-to-school transitions over an extended period.
- There is a strong desire among educated young people to obtain permanent, salaried employment, and there is relatively little interest in entrepreneurship.

In Kenya over half and in Nigeria and Sierra Leone about a third of those who responded to the F-t-F survey reported that they currently had a salaried job (Supplementary Table 2). For the SM survey, half of respondents from Kenya and around two thirds from Nigeria and Sierra Leone had a salaried job. In addition, 33 percent of F-t-F survey respondents from Kenya, 28 percent from Nigeria and 20 percent from Sierra Leone had previously had a salaried job.

Respondents with a salaried job tended to be older (Supplementary Table 3) and more highly educated (Supplementary Table 4). There was no significant or consistent gender difference between all survey respondents and those currently with salaried jobs (Supplementary Table 5).

The salaried jobs that survey respondents were doing, had done or had applied for, ranged from driver to doctor, and barber to banker: but many appear to be relatively junior, low-skill, entry-level positions, like teacher, secretary, accountant, intern and driver.



In Kenya, was a relatively even distribution of employers between large, medium and small companies, government and NGOs (Supplementary Table 6). In Nigeria, a greater proportion of respondents worked for large and medium companies, while in Sierra Leone 65 percent of respondents with a salaried job worked for government. In all three countries, the service sector and government account for the vast majority of respondents' salaried jobs. In comparison, for respondents without a salaried job, their previous jobs and the last jobs they applied for were more likely to be with small companies and in the retail sector (Supplementary Table 7 and 8).

Beyond receipt of a monthly salary, what does young people's salaried employment look like? How do the conditions of their salaried employment compare to common images of or assumptions about formal, proper or decent jobs?

For respondents presently with salaried jobs, 78 percent from Kenya and 63 percent from Nigeria have a written contract, but this drops to just over 40 percent for past jobs (Table 3). The higher proportion of both present and past jobs with written contracts in Sierra Leone probably reflects the fact that a larger proportion of these jobs are (were) with government. The vast majority of respondents' jobs in Kenya and Nigeria do (or did) not provide basic benefits like paid sick leave and paid annual leave, and even fewer provided paid maternity leave. The greater availability of these benefits in Sierra Leone probably reflects the importance of the public sector in the formal labour market. A **key finding** is that a significant proportion of young people with salaried jobs do not have written contracts, and relatively few enjoy basic benefits like paid sick leave and paid annual leave.

**Table 3: Conditions of employment associated with current and previous salaried jobs**

Condition of employment	Kenya		Nigeria		Sierra Leone	
	Present job	Past job	Present job	Past job	Present job	Past job
Written contract	78%	41%	63%	42%	94%	71%
Full-time	92%	80%	64%	71%	97%	58%
Paid sick leave	--	35%	--	27%	--	53%
Paid annual leave	--	24%	--	15%	--	42%
Paid maternity leave	--	13%	--	12%	--	29%
Pension plan	--	30%	--	17%	--	42%
N	143	45	123	66	86	38

Present job refers to current salaried job; Past job refers to last salaried job of respondents who do not currently have a salaried job.

**Source:** F-t-F survey

The modal monthly take-home salary for present jobs is Ksh10, 000 – 19,999 (~UK£113), Naira 18,000 – 59,999 (~UK£95) and Leones 1.0m – 1.9m, (~UK£155) respectively (Supplementary Table 9). Benchmarks for comparison would be monthly minimum wages of Ksh 12,926 for general labour (increased from 10,955 in May 2017); Naira 18,000; and Leones 500,000.<sup>5</sup>

<sup>5</sup> For Kenya (<http://www.monitor.co.ug/News/National/Kenyan-workers-get-18-percent-minimum-wage-rise/688334-3910638-8e4vtk/index.html>), Nigeria (<https://www.businessdayonline.com/nigerias-n18000-minimum-wage-one-worlds-lowest-labour/>), and Sierra Leone (Danish Trade Council for International Development and Cooperation, 2015: , p.5)

The median time respondents reported being in their current jobs was 26 months in Kenya, 13 months in Nigeria and 28 months in Sierra Leone (Supplementary Table 10). Half of those who do not currently have a salaried job reported that they were in their last job for 12 months or less in Kenya and 9 months or less in Nigeria. For these same individuals, the median period since their last salaried job was 12 months in Kenya and 15 months in Nigeria. A **key finding** is that for at least some young people, engagement with the formal labour market is characterised by short periods with a salaried job followed by somewhat longer periods without one.

“The contract ended” was given as the reason for leaving their last job by 15 percent of respondents currently without a salaried job in Kenya, 42 percent in Nigeria and 55 percent in Sierra Leone (Supplementary Table 11). This **key finding** supports other reports that even with a contract, formal sector work in Africa can be short-term or temporary: it is wrong to assume that salaried or formal sector employment necessarily means stable employment. In Kenya and Sierra Leone, “To further my studies” was the second most important reason given for leaving their last salaried job (in Nigeria it was of equal importance with “the contract ended”). This finding highlights the dangers of a simplistic, linear conception of a ‘once and for all’ school-to-work transition. Individual young people may navigate several school-to-work and work-to-school transitions over an extended period.

#### 4.1.2 Future jobs

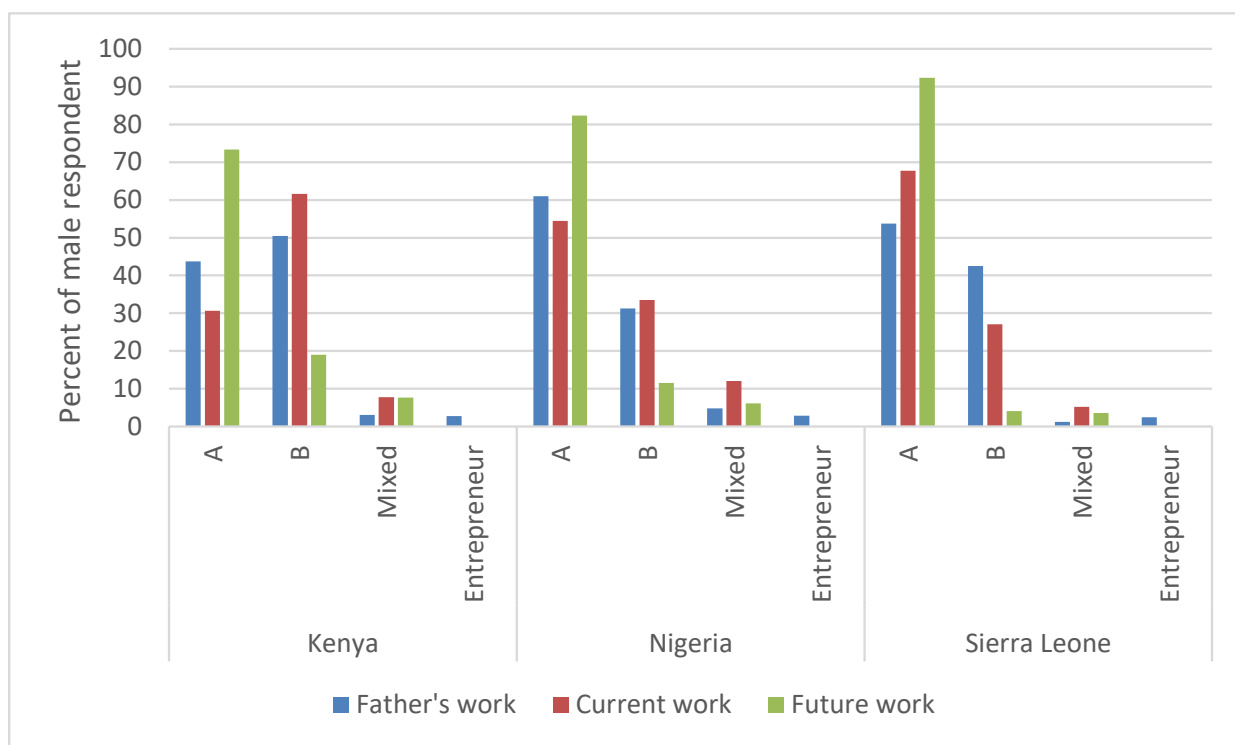
The SM survey asked respondents to select up to three single word descriptors from a set of 13 that best described their mother’s work, their father’s work, their own current work and the work they wanted in the future.<sup>6</sup> The selected descriptors were then used to classify jobs as:

- **Type A:** formal employment
- **Type B:** informal employment
- **Mixed:** a mix of formal and informal
- **Entrepreneurship:** entrepreneurship

As shown in Figures 3 and 4, male and female respondents in each of the study countries describe their desired future work as significantly more formal than both the work they are currently doing and the work of their same-sex parent (i.e. compare the blue and green columns in the two figures). The importance of desired future jobs that are “permanent”, with a “monthly salary”, and “professional” is shown through the frequency distribution of the descriptions selected in relation to the respondents’ future work (Supplementary Table 12). Combined over the three countries, “permanent” was selected by 55 percent of respondents, “monthly salary” by 48 percent and, and “professional” by 24 percent. The **key finding** is that there is a strong desire among educated young people to obtain permanent, salaried employment, and there is relatively little interest in entrepreneurship.

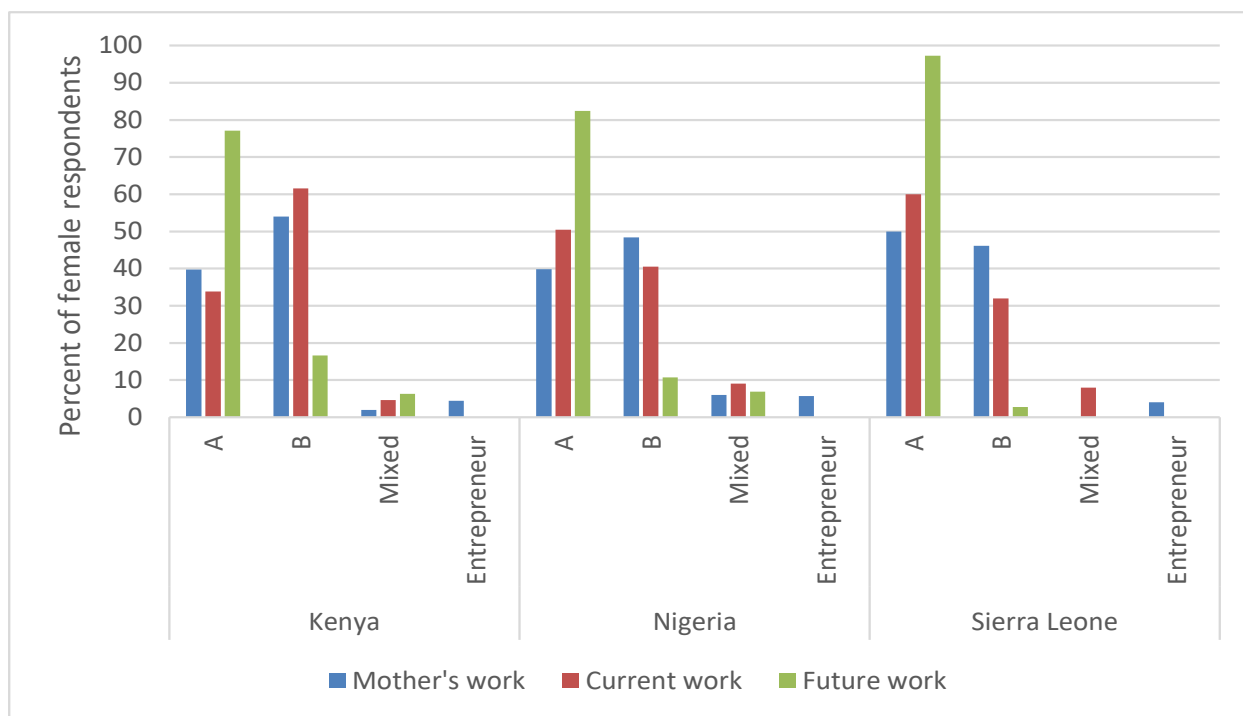
<sup>6</sup> The full set of descriptors included: permanent, monthly salary, professional, civil servant, management, office job, casual, temporary, labourer, daily paid, market vendor, self-employed and entrepreneur (apprentice and intern were also included for the questions about the respondent’s current and future work).

**Figure 3: Male respondents' descriptions of father's work, current and future work.**



Source: SM survey

**Figure 4: Female respondents' descriptions of mother's work, current and future work.**



Source: SM survey



Additional information about the characteristics of jobs that are considered important is provided through the F-t-F survey (Supplementary Table 13). The location of the job is somewhat less important than other factors in Kenya and Sierra Leone, but location is the most important factor in Nigeria. The prospect of a written contract is relatively less important in Kenya and Nigeria; and salary is the most important characteristic in Kenya and Sierra Leone.

#### 4.2 Formal and informal barriers to formal job creation

This section draws on (1) the research literature and growth diagnostics studies, and (2) the interviews with stakeholders.

Key findings in relation to formal and informal barriers to formal job creation that emerge from the review of documentation and the interviews include:

- Macro-economic, political and social stability are considered to be amongst the most important enablers – without these in place, it is most unlikely that the jobs gap can be addressed successfully.
- Businesses across the study countries face many similar constraints, although some of these are experienced differently depending on the sector, size of company etc. These constraints interact with factors related to local history, social relations, political discourse etc., and sit within a context of global economic and political relations.
- There is no strong evidence that rigidities in the labour market caused by over-regulation act as a significant constraint to the creation of new salaried jobs. This can be understood in at least two ways. First, other things like poor infrastructure and security, which were both repeatedly highlighted in Nigeria, are more important in constraining job creation. Second, the labour laws and regulations that are in place are not enforced, so they could not be expected to affect decisions directly about business expansion and job creation.

Africa's experience over the last 15 years – rapid economic growth with only limited formal sector job creation – certainly justifies the current policy focus on so-called “inclusive growth”. Recent growth diagnostics for Kenya (Kumar et al., 2008), Nigeria (AfDB, 2013) and Sierra Leone (Garrido, 2012; MCC, 2013; DFID, n.d.-a) are within this same paradigm. These studies address broad institutional, legal, regulatory, infrastructure and policy issues that are thought to impact negatively on investment, productivity and growth, and that might be addressed through BER and other types of interventions. Most also identify sectors that are seen to offer particular scope for inclusive – i.e. labour-intensive – growth [although Kumar et al. (2008) back away from picking sectors and take a more economy-wide approach]. While the specific conclusions and recommendations coming from these diagnostic exercises differ across the three study countries, there are many similarities in terms of both the measures identified to improve the enabling environment and the sectors and industries identified for special attention.

While these studies pay particular attention to employment and employment creation, (thus the focus on labour-intensive sectors like tourism and agriculture, and high growth sectors like ICT and services), they have relatively little analysis that is specific to formal sector employment or formal labour markets.

Kumar et al. (2008) make the point forcefully in relation to Kenya, but it is also relevant to the other countries – **inclusive growth is critically dependent on maintaining political and macroeconomic stability, which reduces business risk**. This goes far beyond stable economic

policy: inclusive growth is also dependent on the minimisation of corruption, ethnic and social tension, inequality and conflict.

The perspectives of private sector and government actors in the study countries, as articulated through our interviews, were generally well aligned with the analyses put forward in the growth diagnostics. Interviewees mentioned higher level factors that affect the ability of business to expand and to create new jobs, including corruption and nepotism (K:PF1), the economic downturn in Nigeria (N:SHI-07), inflation (SL:PF3), security (K:PF7, N:SHI-01, N:SHI-03), and shocks like the Ebola crisis in Sierra Leone (SL:PF1) and drought in Kenya (K:PF7). Infrastructure was highlighted by a number of respondents in Nigeria specifically as a significant hindrance to business expansion (N:SHI-01, N:SHI-03, N:SHI-07). One interviewee said the electricity problem in Nigeria motivated a decision to relocate jobs to Ghana (N:SHI-01). Other more operational constraints were also mentioned including the cost of finance (N:SHI-03) and raw materials (K:PF8), and forex availability (SL:PF1).

With specific reference to labour regulations, views ranged from those who thought that laws should be more stringent, those who thought they were irrelevant, and those who thought they were too rigid:

- The acting CEO of a Nigerian bank, noted the inadequacy of the labour law (N:SHI-07). His view is that it needs to be updated to provide for the better protection of workers. Another interviewee from Nigeria saw the need for a new law to control labour bonding, and protect whistle-blowers (if an employer is infringing laws or regulations) (N:SHI-01). In his view, addressing both of these issues would improve the business environment.
- The head of HR in a bank in Sierra Leone stated that laws and regulations did not hinder recruitment (SL:PF2),
- The head of administration and HR at a technology company in Lagos suggested that “greater flexibility” in business regulation could favour the business environment (N:SHI-01). As an example of greater flexibility, he suggested that the minimum wage should be set by the states not the federal government (N:SHI-01).

A number of interviewees found that access to skilled labour is a significant barrier.

- A manager in a major restaurant chain in Kenya stated that it was difficult to find candidates with proper skills for jobs servicing the emerging middle class market, and gave the example of customer service (K:PF8). The firm now only hired from a donor-funded skills-enhancement programme for high school and college leavers.
- Another mentioned a lack of technical skills: “TVET training is not aligned to the needs of the manufacturing companies, and when available, graduates of these programmes are not competitive enough in terms of their quality, productivity and [ability to respond to] customer demands” (K:PF7) – nor are they sufficiently innovative (K:PF10).

#### 4.3 Access to the formal labour market

The framework presented in Section 3.3 posits that access to the labour market (knowledge about a job opening) is necessary but not sufficient to guarantee success in the market (being offered a salaried job). There can be no access without the knowledge that a job is available or a recruitment process is on-going. The question is whether there are formal and/or informal barriers that restrict the availability of knowledge about job openings.

The key findings about formal and informal barriers to young people's access to the labour market include:

- In the study countries, **the market for salaried jobs is highly segmented**. Some segments function in ways that provide potential access to the widest possible array of job seekers, while others work through personal networks and as a result are very exclusive. It would be helpful to undertake further research about what sectors, jobs or kinds of companies characterise these different segments, and identify the kinds of job seekers who win or lose because of them. It would then be useful to seek to share and replicate good practices across the economy.
- The **reliance on personal networks** can be understood as a work-around that is rooted in the demand-supply imbalance in the labour market, and additional costs of recruitment associated with this imbalance. This work-around functions through and builds networks of trust and accountability: these networks may be highly advantageous to employers and some job seekers, but disadvantageous to many others. This is a clear example of an informal barrier to access.
- The **internet and social media** are also important in the identification of opportunities. However, access is limited mainly to those who can afford to be connected, and/or know how to use the technology. This represents another informal barrier to access.
- A number of interventions have been proposed or are being tried in order to address **the negative effects of recruitment practices** – work-arounds – that are exclusive. These range from legislating that all jobs must be publically advertised to the establishment of information platforms and labour exchange offices such as the electronic labour exchange launched in Lebanon by the National Employment Office and the ILO. We know of no evaluations of the impact or efficacy of these interventions. Those based in new law or regulation will likely be hindered by a lack of consistent enforcement. As for the voluntary schemes, as long as the demand-supply imbalance persists, these will likely struggle to be more efficient than the current work-arounds.
- There is little indication that **formal labour market barriers** play a major role in determining which young people are able to access the formal labour market.
- Detailed analysis of the degree to which formal and/or informal barriers **incentivise businesses to remain informal**, thus reducing the number of formal jobs, was beyond the scope of this study. However, as discussed in Section 3.1, it is not so much a question of the legal status of the employer, but rather the formality of the employment relationship. The data presented in Section 4.1 demonstrates clearly that a salaried job in a legally registered company is no guarantee of a formal employment relationship.

**Interview evidence suggests that lack of information about job opportunities is an important concern.**

- In the view of an employee of a youth-oriented skills-enhancement programme in Kenya, because they move within small “circles of influence” young people have limited knowledge about where to seek work opportunities and how to access networks of potential employers (K:NPF1).
- This was supported by a manager at a private university: “There are limited chances that potential candidates will know that certain employers are looking for candidates like them – advertising jobs is not streamlined in institutions – only 25 percent of jobs are advertised” (K:PF2). Few of the jobs at this university are advertised publically, instead, the university sends “emails to staff who share with their friends and family” (K:PF2). The university does not have a job opportunities

page. The interviewee justified this approach in three ways: (1) it reduces the cost of recruitment; (2) “the traditional systems have always worked”; and (3) what he calls “outlier institutions” (such as this university founded on Christian values) seek to attract employees who share similar values. It was suggested that companies more generally want to reduce the cost of hiring and do this by advertising and hiring internally and through established networks.

- Many interviewees acknowledged that in reality young people typically rely on knowing someone in order to get a job. However, there was also recognition that hiring strategies that do not include advertising create the potential for nepotism, and that a lack of knowledge about jobs was particularly important in rural areas, and meant that access to jobs can become “tribalised” (K:GVT2).

**It is certainly not the case that all recruitment is informal or through networks.**

- A company in Lagos advertises its graduate trainee scheme through a national newspaper (N:SHI-03). It also tests and recruits directly in universities, which helps it to overcome the skills gap (between university curriculum and the industry demands) which “all organizations have”.
- In order to increase knowledge about available positions, interviewees from a regional auditing firm, an insurance company and a telecoms operator in Kenya said they make use of job websites and career fairs.
- Some businesses advertise on social media specifically because these ads reach younger people (e.g. N:SHI-07). For this company it is very important to have employees with the skills to work in a formal environment – “to cope and be successful at their jobs in the organization”. They only use other recruitment methods – i.e. recruitment agencies – for higher-level positions, when “you need to poach from other companies”.
- An interviewee from Kenya worked for an online job search company and website that offered “an accessible platform for jobseekers and employers” (K:PF9), and there are many such websites in the study countries.
- A government official stated that while it is true that many jobs are now posted online – and because of this people no longer use newspapers to look for jobs – job seekers must have the means to prepare and submit a competitive **online** application and await interviews (K:GVT2).

**Informal networking is extremely important as a channel for obtaining employment.** A friend or relative was the most common channel through which respondents learned about their current and previous jobs (Supplementary Table 14) (with the exception of SM survey respondents in Sierra Leone).

- In Nigeria respondents to both surveys indicated that they learn about over half of current and previous jobs through friends and family.
- Newspapers were a more important channel in Sierra Leone than in either Nigeria or Kenya, perhaps reflecting the importance of the government in the formal job market, or lower internet penetration compared to Kenya and Nigeria.
- Internet and social media appear to be particularly important in the search for new jobs, although only for SM survey respondents in Sierra Leone are they more important than friends and family.

Table 4 presents an analysis of the implications of the use or presence of different intermediaries in relation to young people’s access to the labour market.



- Businesses' reliance on personal networks to identify candidates, while explicable as a work-around, must be seen as an important informal barrier to access, and highly problematic in terms of inclusive and equitable access to employment opportunities.
- Education level has *some* possible impact on the type of job search mechanisms. University graduates may rely somewhat more on recruitment agencies and social media than job seekers with less education (Supplementary Table 15). Overall, the differences associated with levels of education were not large.

**Table 4: Labour market intermediaries and implications for access**

Intermediary	Implications for access to the labour market
Newspaper	Requires access to newspaper, so will disadvantage those who cannot afford to buy or borrow a paper, or gain access in another way <b>= Least exclusive</b>
Internet / recruitment website	Requires access to internet, so will disadvantage those who are not connected and cannot get to or afford to use a public connection
Labour outsourcing company	May require access to internet May require registration fee
Recruitment company	Usually requires access to internet
Social media	Requires access to internet / phone network Reach may be closely linked to or reflect family and personal networks
Family / personal networks	Would be expected to provide greater or more frequent access when parents are professionally or politically connected; the young person went to prestige educational institutions; etc. <b>= Most exclusive</b>

#### 4.4 Success in the formal labour market

Having gained access to the market, what factors are associated with success? Are there formal or informal barriers that differentially affect certain groups of young people and that could be addressed to make the market fairer?

Key findings about formal and informal barriers to young people's success in the labour market are:

- Many young people find that they are caught in **the experience trap**, created in large part by the imbalance between supply and demand in the labour market. This must be considered an important informal barrier to their success.
- For some employers, and for some jobs in some sectors, being young enables success in the labour market. Not enough is known about the employers, jobs or sectors for which this is the case, or whether / how this "youth effect" might be amplified, and this might be an area for further research.
- Young people's perceptions of the workings of the formal labour market reflect their situations.
- A significant proportion of young people do not perceive the labour market to be operating fairly, and as above, perceptions of fairness are influenced by their situation.
- In the eyes of some young people politics influences success in the labour market. This is part of the perception of unfairness and discrimination, and as such must be considered as an informal barrier to success as well as an enabler. The imbalance between supply and demand in the



formal labour market provides the necessary oxygen for patronage and political influence in the market.

- Engagement with **formal market intermediaries** may be beneficial, indeed highly beneficial, to young people who are struggling to enter the labour market. However, this is essentially a zero-sum game – the added advantage gained by an individual who engaged with these intermediaries is to the detriment of another job seeker. In the absence of a rapidly expanding labour market, intermediaries may be only re-distributing labour market success.
- There are barriers in the form of **social norms** that affect success in and longer term engagement with the formal labour market that could be considered external to (but still having an influence in) the labour market.
- Overall, there is little indication that **formal barriers** play a major role or are systematically influencing which young people succeed in the formal labour market.

#### 4.4.1 Experience

**Experience remains an important attribute for labour market participation, and by definition is a barrier to young workers.**

- However, there are examples of being able to bypass this criterion to have success in the formal labour market. For example, the head of HR at a Nigeria bank said that businesses now look for more than just degrees – they want to know if candidates have the relevant skills to do the work (N:SHI-07). These skills are so important that they can make up for a lack of experience. A candidate who demonstrates that they understand what needs to be done in the job can overcome the disadvantage of not having work experience.
- On the other hand, the head of HR in a private-sector education provider suggested that newly created jobs in an expanding business would likely be open to people with previous experience, not fresh graduates (N:SHI-09). New graduates are held back by their lack of practical and communication skills. From her perspective, graduate training programmes, internships and volunteering have the potential to remedy the “experience trap”, which Baah-Boateng (2016: 417) described as “the tendency for most advertised jobs to require substantial work experience”.

The other side of the “experience trap” is the sense among some employers that fresh graduates are easier to train than those who have worked elsewhere. Interviewees provided a number of examples of companies that have a positive approach to the employment of young people:

- “We look out for people who are trainable and who are flexible to acquire other skills and people leaving the university are more prepared for this kind of challenges than those who are professional in their own field especially if they happened to get the job immediately they graduated from the university or colleges” (SL:PF1).
- A technology distribution company in Lagos makes an effort to hire young people because they are better able to understand and sell technological products to their customer base, which is mainly youth (N:SHI-01). They recruit through job search websites (e.g. Jobberman.com – Box 2) and social media. Graduate training schemes are another approach that target young people.
- Another company in Lagos runs such a scheme to which candidates apply in response to ads placed in a national newspaper, and everyone with at least a 2:1 from a university or polytechnic

is considered (N:SHI-03). Those who are successful at the interview get the job, “without discrimination” concerning their education background.

Many young people find that they are caught in the experience trap, created in large part by the imbalance between supply and demand in the labour market. This must be considered an important informal barrier to their success. Nevertheless, for some employers, and for some jobs in some sectors, being young enables success in the labour market. Not enough is known about the employers, jobs or sectors for which this is the case, or whether / how this “youth effect” might be amplified.

## **Box 2: Evidence from a Recruitment Website in Nigeria**

**Jobberman.com** is a recruitment website servicing the Nigeria market and provides an opportunity to explore the experience trap. Analysis of the jobs available on 25 March 2017 showed that of 3,734 job openings for which data was available, 80 percent specified 1-3 years of experience or more, and 50 percent specified 3-5 years or more. 753 were listed as “entry level”. Using another categorisation, 25 percent of the available jobs were listed as “fresh graduate / entry level / graduate internship” or lower, while 75 percent were “experienced (non-manager)” or above. This would appear to support the claim made by some young job seekers that they are stuck in a situation where many jobs require experience, which is very hard for them to come by. It also explains the strategy used by some job seekers to identify internship or volunteering opportunities which can be used to claim some work experience.

Technical skills do not appear to offer a clear route into salaried employment. Of 5,800 jobs listed on Jobberman.com on 25 March, 44 percent were categorised as sales / business development; marketing / advertising / communication; banking / finance / insurance; administration and office support; and customer service. Relatively few identified specific technical skills.

### 4.4.2 Explaining success in the labour market

#### **Their particular situation has a strong influence on how young people perceive the workings of the formal labour market.**

In explaining their own success, F-t-F survey respondents who either have a salaried job or had one in the past emphasised their qualifications, experiences and communication skills (Supplementary Table 16). Having someone to vouch for them and/or having a personal connection in the organisation were downplayed. From their perspective, their success is explained largely by merit based on their personal qualities and characteristics.

Similarly, respondents who were not offered the last job they applied for explained their lack of success in terms of not having good work experience and not being well qualified (Supplementary Table 17). However, compared to what was seen above, not having a personal contact in the organisation was given relatively more weight.

The F-t-F survey asked respondents what they thought helped their successful friends to find a job. **Responses indicate a strong sense among respondents that connections are important and labour markets do not operate fairly and transparently.**

- “They have good connections” was the most common explanation in each of the three study countries, ahead of both good qualifications and good experience (Supplementary Table 18). The contrast with the assessment of own success is striking: in explaining their own success

respondents with jobs or who had had offers gave “A friend, mentor or relative vouched for me” and “I have a personal connection in the organisation” relatively little importance.

- Some young people had a broader understanding of networks and connections. A young woman, who had worked since leaving high school said: “There are so many events that happen in the city that very few people know about and they are free of charge. If you attend them, you get to talk to two three people, you get connected”. (K:EF2)
- Others referred to a “patronage culture” and “big men” – a category that often includes politicians – and that being close to such a big person can definitely be helpful. Because of the overcrowded job market, many young Kenyans still think it is necessary to know someone who will look out for you, link you up or employ you. In the words of a 33-year old male: “Jobs are 20 percent paperwork and 80 percent your networks” (K:UM3).
- An interviewee from a bank in Sierra Leone said that recruitment could happen through recommendations of the bank’s major customers. Those with good relationships will sometimes ask for the bank to hire someone they know (SL-PF2).
- The weight of personal connections was also highlighted by the CEO of a large engineering firm operating in several East African countries. He said that while friends and acquaintances ask him for “assistance” (i.e. to give them, a relative or friend a job), he simply cannot hire all of them because many do not meet the minimum requirements (K:PF6).
- A senior manager in an international bank in Lagos added some perspective to this claim. He stated that unless an applicant has a degree from one of the Federal Universities they would not be considered. He justified this based on the difference in the quality of students and teaching between the Federal and other universities. From an employer’s perspective, this makes perfect sense, but it must also be considered as an informal barrier to success, and one, presumably, that is never made transparent to the disappointed job seeker.

These findings suggest that for the many young people who do not succeed in getting a salaried job, the sense that the labour market is rigged against them may lead to a deep sense of disillusionment.

A number of examples of **rules based recruitment processes** were given, processes that should open the market to all based on merit.

- One interviewee stated that candidates did not need to know someone inside the organisation to get a job – during the job interviews they try to create a “level playing field... make it open and create a fair chance for people”, namely by using an aptitude test to determine which applicants progress to the next stage (N:SHI-07).
- An HR officer from a bank in Sierra Leone stated that they require everyone to have their secondary school certificate (WASSCE), even they have university diplomas, as they want to see whether someone “managed [their] way to the university or not” (SL:PF3).
- An employee of a government job placement programme in Freetown said there is little freedom to act outside the rules, since journalists and others will scrutinise any public sector endeavour (SL:GVT1).

#### 4.4.3 Fairness and harassment

**A significant proportion of young people do not perceive the labour market to be operating fairly, and as above, perceptions of fairness are influenced by positionality.**



Respondents' sense of the fairness of a hiring process depends to some degree on the outcome of that process (Supplementary Table 19). In each of the three countries, with reference to their current job or to the last job they were offered, the overwhelming majority of respondents thought the process was fair. In contrast, in Nigeria 65 percent, in Kenya 45 percent and in Sierra Leone 13 percent of respondents who were not offered the last job they applied for thought the process was fair. This could be nothing more than sour grapes, a way to make an unsatisfactory outcome more palatable. On the other hand, repeated experience of rejection rooted in a gross imbalance between the number of available jobs and job seekers could lead to a sense of disillusionment. The sense of unfairness was particularly strong among those not currently with a salaried job in Sierra Leone, talking about their last application when they were not offered the job.

All respondents to the F-t-F survey were also asked to react to the statement **"I feel discriminated against when I apply for a job"**. Overall, 33 percent of F-t-F respondents from Nigeria, 17 percent from Kenya and 28 percent from Sierra Leone strongly agreed or agreed with the statement (Supplementary Table 20). With the exception of male respondents in Nigeria, a greater proportion of males and females without a salaried job strongly agreed or agreed with the statement compared to the sample as a whole.

The gender dimensions of discrimination in the labour market are complex and negatively affect both women and men:

- In individual interviews in Sierra Leone, both males and females said it was easier for educated young women to find a job than for men.
- A young woman said that companies preferred young women for jobs in sales because they are more likely to attract customers (SL:EF1).
- A young man said that young women tend to take advantage of their looks (SL:UM1): "The moment they take their application to any office, the person in charge will express interest in them or they had relationship before or one of their friends is in love with the manager. The only easy way for men to gain employment is through politics or your relatives. Sometimes friends but that one is not common in this country. Women can easily get job because of affection or sometimes through politicians as they love young and educated ladies."
- According to an unemployed male, young men are more likely to have to pay money in order to be short-listed for an interview or to be hired, especially in the absence of connections that can guarantee them a job (SL:UM1).
- Some young women, however, complain about sexual harassment and exploitation, both when seeking jobs and at the workplace. A female interviewee said: "Harassment is too much. Sometimes if you apply for a job, even though they are not going to offer you the job, the manager will try to have a sex relationship with, they will sleep with you before giving you the job and sometimes they will sleep with you and will not give you the job at the end of the day". (SL:EF1)
- A female graduate reported leaving her job without having an alternative source of income because she experienced sexual harassment from line managers, and she claims her female colleagues faced the same problem (SL:UF1).

#### 4.4.4 Politics

**Politics influences success in the labour market** in the eyes of some young people. This is part of the perception of unfairness and discrimination, and as such must be considered as an informal barrier to success as well as an enabler. The imbalance between supply and demand in the formal labour market provides the necessary oxygen for patronage and political influence in this market.

The interviews yielded examples and perspectives suggesting that in addition to gender and family expectations, other informal barriers affect success in the labour market. In Sierra Leone, some young male and female interviewees agreed that “politics” was a major barrier to finding jobs.

- One woman stated that “politics”, by which she meant nepotism based on party affiliation, is the biggest barrier to getting a job, followed by tribalism (SL:UF1).
- Some interviewees believe that political parties make an effort to “cater” for their youth, and arrange scholarships as well as jobs (SL:UM1).
- Some also believe that most people find their jobs through personal connections: but even if a job is advertised then employers judge people on their last name (as a key to their ethnic group).
- Interviewees gave many examples of what they saw as other people getting a job because of “connections” despite the fact that the interviewees had better qualifications. A young unemployed male graduate explained how ethnic background and politics were deeply entwined on the labour market (SL:UM1).
- One unemployed male graduate concluded that: “Relationships and political connections are the things that are limiting our access as youth in this country” (SL:UM1).

The sense of political influence on access to and success in the labour market was not as strong in Kenya. Some interviewees felt that while political influence could apply to government jobs to some extent, the (much larger) private sector operates independently of political parties. Corruption in the use of government funds meant to support young people was mentioned, like *Kazi kwa Vijana*<sup>7</sup> and the Kenya Youth Development Fund (Sikenyi, 2017). Using young people as a political proxy also means that some youth employment programmes are short-term casual work opportunities and do not provide real, long-term solutions to unemployment (K:PF10).

#### 4.4.5 Intermediaries

**Engagement with intermediaries may be beneficial to young people who are struggling to enter the labour market. However, this is arguably largely a zero-sum game.** The added advantage gained by an individual who engaged with these intermediaries is to the detriment of another job seeker. In the absence of a rapidly expanding labour market, these intermediaries are simply re-distributing labour market success and in the process potentially making profit for themselves.

How do intermediaries contribute to young people’s success in the labour market? As seen above, the survey data suggest that young people think that “good connections” play an important role in labour market success, particularly when they explain their own lack of success and their friends’ success. The interviews also yielded many examples of salaried jobs that were secured through relatives or

<sup>7</sup> *Kazi kwa Vijana* (Jobs for Youth) was a government programme to create jobs for young people that was at the centre of claims about corruption and misappropriation of millions of shillings.

friends. Many of the jobs in these examples were not publically advertised, but rather both access and success were facilitated through the relative or friend.

An example of formal labour market intermediary affecting young people's success is provided by a labour outsourcing firm in Freetown that identifies, tests, trains and places outsourced staff within commercial companies to do jobs such as bank tellers. Here the outsourcing firm is providing employability skills with the objective of taking the best trainees onto their payroll. If a young person is not aware of the outsourcing firm, cannot afford the registration fee, or lives too far away to attend the training, this form of intermediation can be exclusionary. Similarly, positions filled by labour outsourcers may not be publically advertised, so access may also be restricted.

Another type of intermediary provides employability skills training with the explicit objective of improving young job seekers' success in the labour market. One provider in Lagos, for example, works with recent university graduates and others to improve the presentation of their CVs, interview skills, motivation, and the like. In effect, this is a kind of employability "finishing school" – technical subject matter or technical skills are not addressed. Participation is secured through a relatively modest fee, which may exclude some young people; on the other hand, significant success was claimed in placement of graduates in jobs and internships.

#### 4.4.6 Domestic relations

**There are barriers in the form of social norms that affect success in and longer term engagement with the formal labour market;** these barriers could be considered external to (but still having an influence in) the labour market.

Even if they are offered a job, domestic and work place gender relations can exert a significant influence on young women's working careers. Some interviewees described navigating family expectations and preferences as they seek and engage in employment.

- One female interviewee said that while her husband would support her to get more education, this was to enhance her status as a married woman and not to find a job (SL:UF1). She stated that as a married woman, she would only do what is approved of by her husband.
- Husbands and other family members can influence the decision to take up a job by saying if it is in an appropriate location, and the extent to which a woman can commute to work.

Once in a job, young people can feel pressured to provide for their next of kin, and sometimes this pressure is such that they hide the fact they are working. At the same time, young people feel extremely pressured to "give back". Some parents really struggled to invest in good quality education for their children and this increases expectations and pressure on the young people to do well.

#### 4.5 Young people's perspective on their educational experiences

**Perspectives on whether education needed to better prepare young people for employment were mixed, but overall they suggest a greater focus on practical skills.**

- Both the F-t-F Survey and Tracer Study asked respondents for their views on how well their education prepared them for getting a job, and how education could be improved to better prepare young people to get work.
- Respondents with salaried jobs in Kenya and Sierra Leone were more positive about their education than those without salaried jobs (Supplementary Table 21).





In terms of how education could be improved, the two surveys paint somewhat different pictures.

- Across all three countries, more responders to the F-t-F survey selected “make it more practical” than any other option (Supplementary Table 22).
- Respondents from Sierra Leone put relatively more weight on improving the quality of teaching than those from the other countries, while respondents from Nigeria and Sierra Leone put more weight on basic skills than those from Kenya.

## 5. Conclusions and Recommendations

This study sought to determine (1) if there are formal and/or informal barriers that inhibit the creation of new, formal jobs, and young people's access to and success in the formal labour market, and (2) what might be done to address these.

### 5.1 Conclusions

**The first main conclusion is that in the three study countries, there is a gross imbalance between the demand for and the supply of formal jobs, and that formal barriers of the type commonly addressed through BER are not the most important factors constraining job creation in the formal sector. Nor is there any evidence about specific policies that have been successful in stimulating formal job creation.**

- Specifically, we found little evidence from the literature or the study data that minimum wage or employee protection legislation are constraining job creation. It follows that interventions in relation to these formal barriers will not be particularly effective in supporting greater youth employment.
- Diagnostic studies and other research consistently identify a range of factors, from macro-economic, social and political instability to inadequate infrastructure, that are thought to directly constrain business investment and job creation. These studies generally say little that is specific to the formal labour market, and labour market constraints are not generally at the top of the list of concerns.
- New formal jobs can be created through three routes: (1) growth of existing formal sector firms, (2) establishment of entirely new formal sector firms, and (3) movement of informal firms into the formal sector.
- Routes 1 and 2 are more likely to create employment opportunities characterised by formal employment relations, and these routes will be facilitated primarily by addressing the broader challenges of political, social and policy stability, and sound economic management. However, it is important to be realistic: in the best of circumstances, these routes can be expected to produce incremental growth in the number of formal employment opportunities, only some of which will be entry-level.
- Route 3 might appear to be the low hanging fruit. However, on its own, changing the legal status of businesses is unlikely to have any direct impact on either their propensity to create new jobs or their relationships with their employees. These businesses are likely to be small, and small firms – even formal ones – are the least likely to have employment relationships that approach the decent work standard.

**The second main conclusion is that while the formal barriers referred to above do not have much influence on young people's access to and success in the formal labour market, informal barriers, market intermediaries and social (including gender) norms have significant influence on access to and success in the labour market.**

- Perhaps the most important of these is the widespread use of personal networks by private sector employers to advertise and fill job openings. While this work-around makes sense in the context of a labour market in which demand and supply are badly out of balance, by its very nature it

excludes individuals who are not linked to these networks, and thus restricts the access of many young people to employment opportunities.

- These informal barriers, the work-arounds that they engender and their impacts (i.e. many young people being excluded from labour market opportunities) should be seen as a symptom of a problem, and not the problem itself (i.e. insufficient employment opportunities). It follows that actions designed to address the symptom alone are not to be recommended.
- Lack of work experience, limited networks and limited knowledge of the labour market are also important informal barriers that negatively affect young people's access to and success in the labour market. These barriers are closely tied to the fact of being young.
- There are increasing numbers of funded programmes and private firms that act as labour market intermediaries by recruiting, training and/or placing young people. Some of these seek to address the "experience gap" through internships and volunteering. However, there is probably little scope for additional large-scale intervention as the fundamental issue is that there are simply not enough entry-level jobs.
- There is surprisingly little in the data to suggest that the formal labour market is segmented along gender lines, or that there is systematic discrimination against women (or men). One of the limitations of the study is that it did not include young women or young men who have dropped out of the labour market because of limited educational opportunities, early marriage, domestic and/or wider family responsibilities. As the formal labour market grows, it will be increasingly important to understand how these disadvantaged individuals might engage with it.

**The third main conclusion is that many young people with salaried jobs, which appear at first glance to be formal, either have no entitlement to or are unable to claim even the most basic benefits commonly thought to be associated with formal sector employment.**

- This is in line with earlier work that highlights the conceptual and operational challenges associated with a simple dichotomy between informal and formal employment. While jobs may be classified as formal for statistical purposes, and may be more desirable than working in the informal sector or self-employment, it cannot be assumed that they necessarily represent decent work. This observation also reflects developments in the "gig economy" in the UK and elsewhere.
- Young people's experience of salaried employment in the three study countries reflects the gap between *de jure* and *de facto* governance of the formal labour market.
- This gap arises from two closely related factors: the imbalance between supply and demand in the labour market, and limited and/or inconsistent enforcement of existing regulations which should provide employees with a minimum of protection, and which ultimately give meaning to the distinction between formal and informal employment.
- Current governance failures in the labour market result in the rights and responsibilities of both employers and employees being flouted.
- As long as this situation persists, the economy will suffer and young people will continue to be disappointed by their engagement with the formal labour market.

## 5.2 Summary of key findings and conclusions by research question

### **RQ 1: What are the formal and informal constraints (including labour market rigidities and labour market policy) to creation of productive employment opportunities and decent jobs in the formal sector of these economies?**

- The literature indicates very strongly that social, political and policy stability are critical pre-requisites for inclusive economic growth. To some degree, these are concerns in all three study countries.
- Poor quality infrastructure is also frequently cited as constraining business investment, economic growth and job creation. This might be particularly important in Nigeria and Sierra Leone.
- The creation of productive employment opportunities can be constrained by factors outside the national policy space (i.e. natural resource endowments, global trading regimes etc).
- There is little evidence from the three study countries, SSA or LICs more generally, that labour market rigidities and/or labour market policy constrain the creation of formal employment opportunities. In order to act as constraints, any such policies and regulations would first need to be enforced.
- Neither the literature nor the study interviews provide any evidence that informal labour market constraints or barriers limit job creation.

### **RQ 2: What are the formal and informal constraints (including labour market rigidities and labour market policy) to access to these jobs for different groups, and in particular young people including women and girls?**

- It is useful to separate access to the labour market from success in the labour market, and to deal with these separately.
- By far the most important factor hindering young people's access to and success in the formal labour market is the lack of suitable, entry-level jobs.
- There is little evidence of formal constraints (including labour market rigidities and labour market policy) on young people's access to and/or success in the formal labour market.
- In contrast, there is very clear evidence of informal constraints on young people's access to the formal labour market. Perhaps the most important of these is employers' use of personal networks to identify candidates for job openings. This practice affects both young people and adult workers; there is no evidence that it has a particularly strong or differential effect on young people. Similarly, there is no specific evidence that it has a particularly strong or differential effect on either young women or adult women.
- As with access, there is clear evidence of informal constraints on young people's success in the formal labour market. Again, the most important of these is employers' use of personal networks to fill job openings. There is no evidence that this practice has a particularly strong or differential effect on young people or that it has a particularly strong or differential effect on either young women or adult women.
- Other informal constraints to young people's access to and/or success in the formal labour market include social and gender norms, nepotism, local politics and employers' use of heuristics (such as the university attended) to identify and select candidates.

**RQ 3: Are these constraints binding (i.e. are employment opportunities in practice lower because of them and would removing them lead to more employment opportunities)? What is their impact? How have they been addressed elsewhere?**

- There is no evidence to suggest that employers' reliance on personal networks to recruit new staff acts as a binding constraint to employment creation. In fact, under the circumstances it could well enable business growth and job creation because it provides a cost-effective recruitment strategy, particularly for lower-level jobs.
- The impact of this constraint is that access to or knowledge about new job openings is distributed inequitably, which advantages some young people and disadvantages others.
- We know of no literature that demonstrates how this constraint can or could be addressed directly.

**RQ 4: What labour market policies or reforms have supported growth in employment opportunities and access to the labour market in these countries?**

- Neither the literature nor our own research enables us adequately to address this question. Official statistics on levels of formal employment and new formal job creation are of poor quality.
- The relatively low rates of formal job creation across the three countries – and the persistent imbalance between supply and demand in the labour market – would seem to indicate that none of the policies or reforms have been particularly effective in supporting growth in employment opportunities.
- The detailed research and evaluation that would be needed to determine the effects of specific market policies and/or reforms on the creation of formal jobs, and access to and success in obtaining formal jobs has simply not been done. This kind of research was outside the scope of the present study.
- On the other hand, there is some evidence of the positive effect of interventions like employability skills training. However, in the absence of an expanding formal labour market, enhancing the ability of some young people to succeed in the labour market will disadvantage others.

**RQ 5: What particular disadvantages do young people face when accessing labour markets in these countries? Do these vary by sector (considering the priority sectors of DFID country offices)? Do they vary across different age groups (data should be collected for the following age ranges 15-19, 20-24, and 25-29), gender, household income or other stratum?**

- The literature and the present research highlighted the fact that young people can find themselves in the “experience trap”. More broadly, just the fact of being young means that compared to working adults, young people will have less work experience; less well developed networks and less practical knowledge of the labour market.
- Neither the literature nor the data we were able to collect sheds any light on how these youth-specific disadvantages vary across sectors.
- It would be expected that for those young people who succeed in entering the formal labour market, these constraints become less important over time. Interview data support the idea that these young people successfully overcome the experience gap (i.e. by eventually finding employment, especially through networking/connections).

- There is some evidence to suggest that some companies prefer to hire young people over older workers, for example because it is easier to train them from scratch, or they are more agile with ICTs.

**RQ 6: What labour market policies and practices help young people access the labour market and what type of policies and practices hinder their access?**

- As indicated in the response to RQ 2, the most important factor hindering young people's access to and success in the formal labour market is the lack of suitable jobs. Labour market policies and practices can only be understood and assessed in the light of this gross imbalance between demand and supply.
- At the present time labour market policies and legal and regulatory frameworks are not always relevant, because they are not consistently implemented. This represents a failure of labour market governance.
- The practice that most hinders young people's access to the formal labour market is employers' use of personal networks to identify candidates for job openings. For some individual young people family background, including parents or siblings in formal jobs, may help mitigate some of these disadvantages. Employability skills programmes may also benefit some individuals, but as noted above, in the absence of an expanding formal labour market, enhancing the ability of some young people to succeed in the labour market will disadvantage others.
- Employers' use of personal networks to identify candidates for job openings represents a cost effective and completely rational way for employers to work-around the serious imbalance between demand and supply. While reliance on personal networks for recruitment could result in inequitable outcomes, without a significant increase in job creation, it is not clear if or how policy or regulation could address the problem.

### 5.3 Recommendations

**Engage with the agenda of supporting youth in a way that enables them to obtain skills and experience to improve their employment and livelihood prospects within the informal sector and the formal sector.**

- The rationale for the study was to unpack a reference in an internal DFID paper that there are rigidities in the labour market that impact particularly upon young people. Our research has found little support for this. Instead, we see that because of the overall demand: supply imbalance, few young job seekers have an opportunity to enter the formal labour market. Those who do enter the market will often do so for only temporary periods and will lack secure employment rights. This would suggest that in the short term, a broader focus on the reality that youth face in seeking livelihood opportunities, not exclusively in the formal sector, is appropriate. In the longer term, it is imperative that the demand: supply imbalance in the formal sector is addressed.

**Work with employers and governments to promote recruitment processes that are open, transparent and non-discriminatory.**

- The study has identified a wide range of factors that influence how youth access the limited supply of formal sector jobs in the economy. Many of these mechanisms, such as the use of informal networks and paid intermediaries are likely to be discriminatory in different ways. Where opportunities arise, it would be helpful for DFID to support initiatives that promote fairness and



transparency in recruitment processes, and in particular assure equal opportunity for all qualified candidates to learn about and apply for formal sector jobs. It is likely that these opportunities will be sector-specific, and involve larger rather than smaller firms. They should seek to build on and spread existing best practice, and might include, for example, open job fairs and recruitment events.

**Support processes that strengthen labour market laws and governance to provide the right balance of incentives in terms of encouraging employers to work within the formal sector, and to provide fair working conditions to employees.**

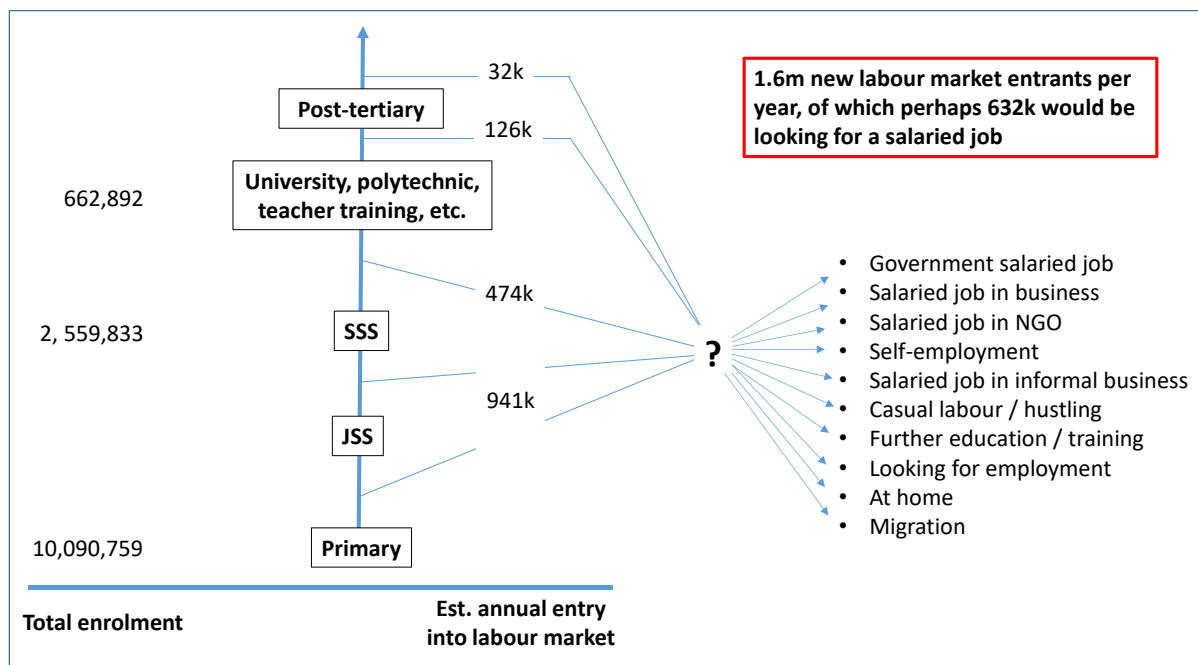
- Although relatively few jobs are being created in the formal sector job market, governance of this market is important in relation to creating an enabling environment for the creation of formal sector jobs that provide “decent work”. DFID should encourage and support reviews of labour market governance and the update of labour law and regulations in the three study countries. An important observation made during the study was that implementation / enforcement of existing labour laws and regulations was poor and inconsistent. Before initiating a push for more effective implementation / enforcement, it would make sense to first review these laws and regulations, and how they interact with other aspects of the governance system. Such a review and update would provide a much stronger basis for investment in better and more consistent implementation and enforcement.

These reviews should be done through broad-based consultative processes. Support for national processes like this would align well with DFID’s interests in inclusive growth and youth employment. These exercises should include answering the following two critical questions:

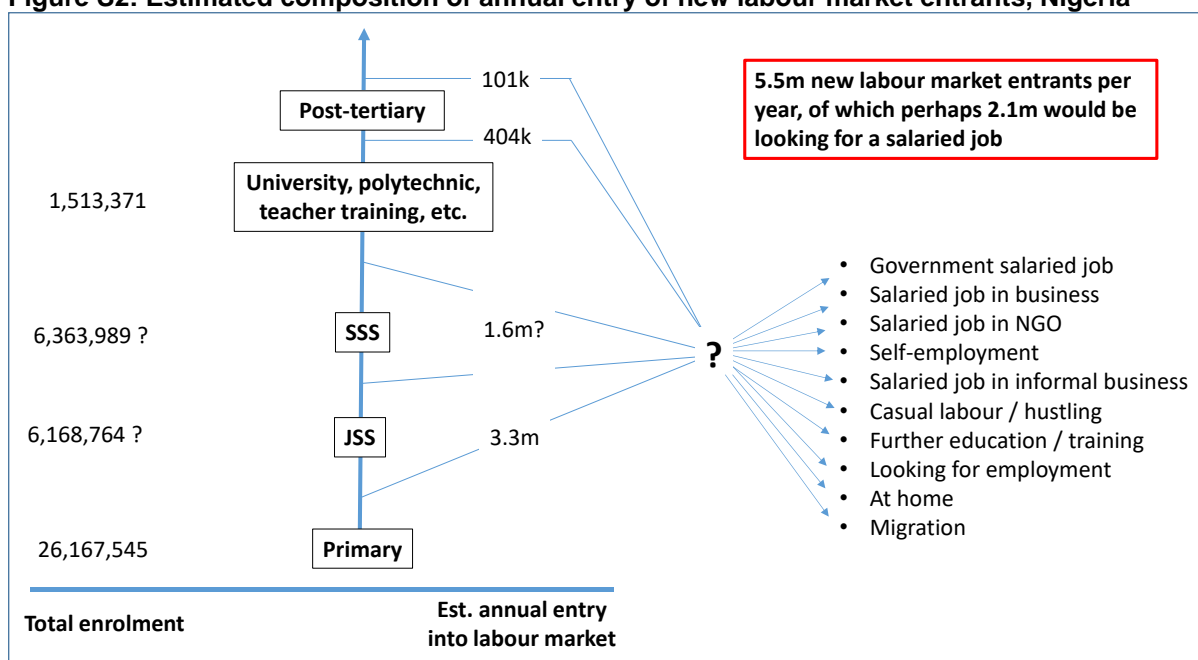
- What do different actors and stakeholders want or expect from the formal labour market?
  - What compromise would be economically sound, practical, equitable, socially and politically acceptable, and would address the concerns and aspirations of young labour market participants and would be participants?
- At the same time, given what are likely to be long-term limitations in implementation, other approaches might also be explored including incentivising a “race to the top” among formal sector firms, and promoting the idea that fair treatment of workers is a central pillar of corporate social responsibility. These kinds of efforts are likely to be of greater relevant to larger firms.

## 6. Supplementary figures and tables

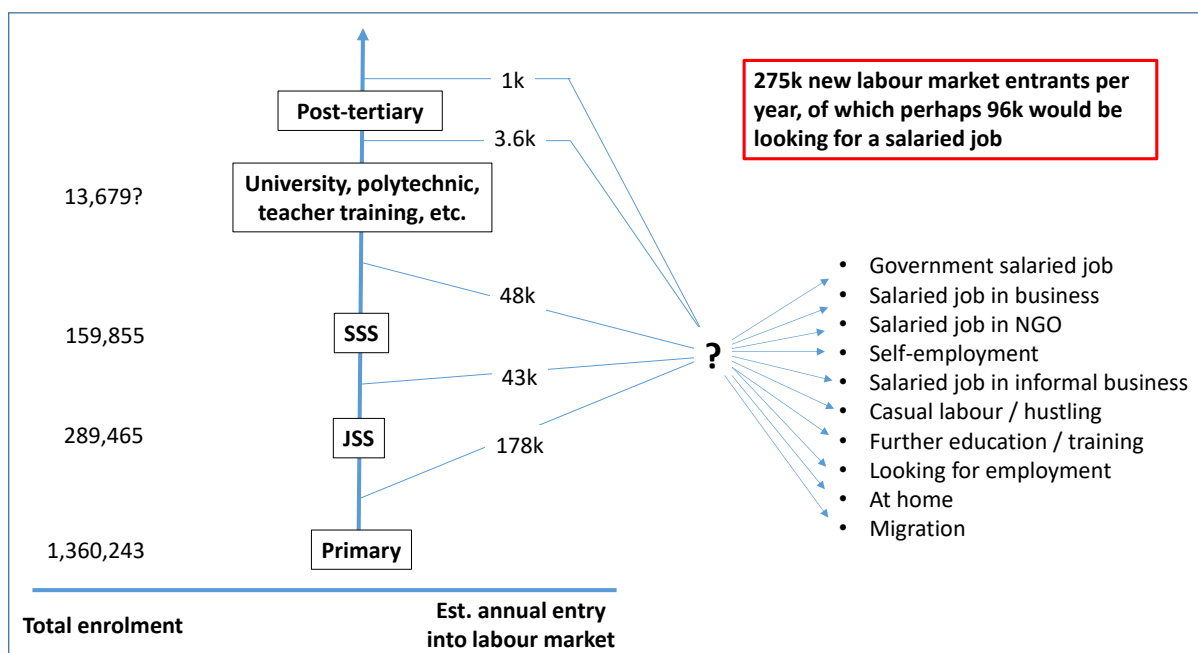
**Figure S1: Estimated composition of annual entry of new labour market entrants, Kenya**



**Figure S2: Estimated composition of annual entry of new labour market entrants, Nigeria**



**Figure S3: Estimated composition of annual entry of new labour market entrants, Sierra Leone.**



**Table S1: Number of young respondents per study activity and country**

Country	F-t-F survey	SM survey	Total
Kenya	281	1,017	<b>1,298</b>
Nigeria	359	771	<b>1,130</b>
Sierra Leone	278	243	<b>521</b>
<b>Total</b>	<b>918</b>	<b>2,031</b>	<b>2,949</b>

**Table S2: Respondents currently with a salaried job (%)**

Country	F-t-F survey	SM survey
Kenya	51%	50%
Nigeria	34%	61%
Sierra Leone	31%	69%

**Table S3: Age of those with a salaried job compared to all respondents**

		F-t-F survey		SM survey	
Country	Age	% of all respondents	% of those with salaried job	% of all respondents	% of those with salaried job
Kenya	15-19 years	9%	4%	3%	3%
	20-24 years	34%	20%	46%	35%
	25-29 years	28%	31%	35%	41%
	30-35 years	29%	45%	17%	22%
	N	281	143	1,017	397
Nigeria	15-19 years	20%	4%	4%	3%
	20-24 years	42%	33%	23%	22%
	25-29 years	27%	45%	37%	31%
	30-35 years	11%	19%	37%	45%
	N	359	123	771	406
Sierra Leone	15-19 years	13%	0%	2%	1%
	20-24 years	26%	15%	5%	3%
	25-29 years	28%	33%	41%	39%
	30-35 years	33%	52%	52%	57%
	N	278	86	243	147

**Table S4: Education of those with a salaried job compared to all respondents**

Country	Highest completed education	% of all respondents	% of respondents with salaried jobs
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Kenya	Primary	5%	3%
	Secondary	32%	18%
	Polytechnic+	34%	40%
	University (1st degree)	22%	29%
	University (PG)	6%	10%
Nigeria	Primary	13%	2%
	Secondary	47%	25%
	Polytechnic+	11%	15%
	University (1st degree)	27%	53%
	University (PG)	2%	4%
Sierra Leone	Primary	8%	0%
	Secondary	36%	13%
	Polytechnic+	24%	36%
	University (1st degree)	30%	49%
	University (PG)	2%	2%

Polytechnic+ =

Source: F-t-F

**Table S5: Gender of those with a salaried job compared to all respondents**

		F-t-F survey		SM survey	
Country	Gender	% of all respondents	% of respondents with salaried jobs	% of all respondents	% of respondents with salaried jobs
Kenya	Male	50%	43%	47%	48%
	Female	40%	57%	56%	52%
Nigeria	Male	47%	52%	46%	51%
	Female	53%	48%	54%	49%
Sierra Leone	Male	53%	48%	85%	86%
	Female	47%	52%	15%	14%

**Table S6: Employer characteristics, respondents who currently have a salaried job**

Type of employer / sector	Kenya	Nigeria	Sierra Leone
<b>Type of employer</b>			
Large company	20%	31%	16%
Medium company	20%	29%	6%
Government	19%	18%	65%
Small company	13%	16%	7%
NGO	19%	5%	0%
Other	9%	2%	0%
N	143	123	86
<b>Sector</b>			
Services	42%	50%	17%
Government & public services	39%	31%	71%
Manufacturing	8%	12%	9%
Retail	7%	7%	2%
Other	3%	0%	0%
N	143	123	86

**Source:** F-t-F Survey

**Table S7: Employer characteristics, respondents who currently do not have a salaried job reporting on their last employer**

	Kenya	Nigeria	Sierra Leone
<b>Type of employer</b>			
Large company	7%	22%	21%
Medium company	28%	35%	5%
Government	4%	8%	63%
Small company	37%	32%	5%
NGO	17%	3%	5%
Other	7%	0%	0%
N	46	65	38
<b>Sector</b>			
Services	46%	52%	16%
Government & public Services	22%	14%	68%
Manufacturing	2%	17%	11%
Retail	28%	18%	5%
Other	2%	0%	0%
N	46	66	38

**Source:** F-t-F Survey





**Table S8: Employer characteristics, respondents who currently do not have a salaried job reporting on the last job they applied for.**

Type of employer	Kenya	Nigeria	Sierra Leone
Large company	15%	25%	20%
Medium company	25%	32%	5%
Government	6%	5%	69%
Small company	34%	33%	7%
NGO	14%	4%	0%
Other	5%	2%	0%
N	80	57	61

Source: F-t-F Survey

**Table S9: Monthly take home salary (for present jobs), monthly starting salary (for past jobs)**

Monthly salary	Present job	Past job
<b>Kenya</b>		
Below 5,000 Ksh	2%	11%
5,000 - 9,999 Ksh	10%	24%
10,000 - 19,999 Ksh	19%	28%
20,000 - 29,999 Ksh	16%	15%
30,000 - 39,999 Ksh	13%	4%
40,000 - 49,999 Ksh	6%	7%
50,000 - 59,999 Ksh	6%	2%
60,000 - 69,999 Ksh	4%	2%
70,000+ Ksh	26%	7%
N	143	46
<b>Nigeria</b>		
Below 18,000 Naira	14%	46%
18,000 - 59,999 Naira	57%	44%
60,000 - 149,999 Naira	28%	6%
150,000+ Naira	2%	5%
N	123	66
<b>Sierra Leone</b>		
Below 500,000 Leones	6%	32%
500,000-599,999 Leones	4%	8%
600,000-999,999 Leones	20%	8%
1m - 1.9m Leones	49%	24%
2m - 2.9m Leones	17%	18%
3m+ Leones	5%	11%
N	86	38

Present job refers to current salaried job; Past job refers to last salaried job of respondents who do not currently have a salaried job.

Source: F-t-F survey

**Table S10: Length of time in salaried jobs and since last salaried job**

Period	Kenya	Nigeria	Sierra Leone
<b>Time in <u>current</u> job (months)</b>			
Range	0-124	1-114	1-109
Mean	36	25	33
Median	26	13	28
N	143	114	84
<b>Time in <u>previous</u> job (months)</b>			
Range	0-112	1-121	N/A
Mean	19	16	N/A
Median	12	9	N/A
N	46	65	
<b>Time <u>since last job</u> (months)</b>			
Range	1-68	0-90	N/A
Mean	20	20	N/A
Median	12	15	N/A
N	46	65	

Source: **F-t-F Survey**

**Table S11: Reasons why those currently without a job left their last job**

Country	Reasons for leaving last salaried job	Percent
<b>Kenya</b>	The contract ended	15%
	To further my studies	15%
	I was made redundant	13%
	I had a disagreement with the employer	11%
	Other (please specify)	9%
	I moved to another job	9%
	I was sacked	7%
	Demands of my family made it impossible to continue	7%
	Salary too low / unconducive terms	7%
	I became pregnant	4%
	Programme / company closed	2%
	I resigned	2%
	N	
<b>Nigeria</b>	The contract ended	42%
	To further my studies	23%
	I moved to another job	8%
	Other (please specify)	6%
	I had a disagreement with the employer	6%
	Salary too low / unconducive terms	6%
	I was sacked	5%
	Demands of my family made it impossible to continue	3%
	I resigned	2%
	N	
<b>Sierra Leone</b>	The contract ended	55%
	To further my studies	16%
	Other (please specify)	8%
	Programme / company closed	8%
	I had a disagreement with the employer	5%
	I moved to another job	3%
	Demands of my family made it impossible to continue	3%
	Salary too low / unconducive terms	3%
	N	

**Table S12: Descriptors selected by respondents in relation to their future work**

Descriptor	Percent of responses	Percent of cases
Permanent	25%	55%
Monthly salary	22%	48%
Professional	12%	24%
Office job	8%	17%
Management	7%	15%



Entrepreneur	5%	11%
Paid daily	5%	10%
Civil Servant	4%	9%
Temporary	4%	9%
Total	92%	--
N	4,300	1,592

**Source:** SM survey

**Table S13: Important job characteristics**

Country / characteristic	Percent responding Very Important and Important when deciding whether	
	To accept the job offer <sup>1</sup>	To apply for a job <sup>2</sup>
<b>Kenya</b>		
Salary	90%	86%
Working hours	85%	76%
Location	76%	62%
Benefits	69%	80%
Prospect of a permanent contract	68%	70%
<b>Nigeria</b>		
Location	82%	93%
Working hours	81%	92%
Salary	76%	93%
Prospect of a permanent contract	72%	88%
Benefits	63%	84%
<b>Sierra Leone</b>		
Salary	100%	99%
Benefits	98%	98%
Prospect of a permanent contract	96%	97%
Working hours	91%	92%
Location	83%	80%

<sup>1</sup> Respondents currently with a salaried job

<sup>2</sup> Respondents currently without a salaried job

**Source:** F-t-F

**Table S14: Accessing salaried jobs**

Country	Means of access	Current job		Last job applied for <sup>1</sup>		New jobs <sup>2</sup>
		F-t-F	SM	F-t-F	F-t-F	
<b>Kenya</b>	Friend or relative <sup>3</sup>	39%	45%	46%	54%	
	Online (social media and job search sites)	31%	30%	36%	47%	
	Newspaper	14%	4%	4%	32%	
	Big Man	11%	--	8%	28%	
	Employer	--	12%	--	--	
	Other	3%	2%	1%	--	
	Recruitment agency	2%	4%	5%	4%	
	Mentor	1%	--	--	5%	
	Notice boards	--	--	--	12%	
	Total	100%	100%	100%	--	
	N	143	397	80	57	
<b>Nigeria</b>	Friend or relative	51%	52%	60%	90%	
	Online (social media and job search sites)	13%	22%	30%	67%	
	Mentor	13%	--	9%	19%	
	The employer	--	12%	--	--	
	Notice board	8%	--	2%	13%	
	Newspaper	4%	3%	--	44%	
	Recruitment agency	4%	4%	--	22%	
	NYSC (Nigeria)	4%	--	--	--	
	Other	2%	5%	--	--	
	A Labour outsourcing agency	--	2%	--	--	
	Big Man	1%	--	--	7%	
	Total	100%	100%	100%	--	
	N	123	406	57	155	



*Barriers to job creation and labour market access for youth in SSA*

<b>Sierra Leone</b>	Friend or relative	36%	20%	46%	48%
	Newspaper	26%	21%	33%	86%
	Online (social media and job search sites)	14%	42%	10%	50%
	The employer	--	10%	--	--
	Big Man	7%	--	2%	6%
	Notice board	6%	--	7%	10%
	Mentor	5%	--	2%	7%
	Recruitment agency	5%	3%	2%	30%
	Other	2%	3%	--	--
	Total	100%	100%	100%	--
	N	86	147	61	115

<sup>1</sup> For Current job, from SM survey = Friend, relative or colleague

<sup>2</sup> Respondents not currently in a salaried job

<sup>3</sup> Percent of respondents; respondents could choose more than one, so totals to more than 100%

**Source:** F-t-F and SM



**Table S15: Accessing new jobs, by education**

Country	Means of access	Completed university	Did not attend or complete university
<b>Kenya</b>	Job search websites	77%	61%
	Social media	61%	57%
	Family members or friends or colleagues	51%	48%
	Newspapers	45%	31%
	Recruitment agencies	31%	25%
	Labour outsourcing agencies	11%	5%
	Respondents	195	186
<b>Nigeria</b>	Job search websites	73%	58%
	Family members or friends or colleagues	62%	55%
	Social media	63%	46%
	Recruitment agencies	37%	32%
	Newspapers	26%	24%
	Labour outsourcing agencies	9%	8%
	Respondents	256	125
<b>Sierra Leone</b>	Job search websites	91%	79%
	Newspapers	63%	64%
	Family members or friends or colleagues	52%	55%
	Social media	57%	52%
	Recruitment agencies	36%	27%
	Labour outsourcing agencies	4%	9%
	Respondents	113	33

Source: SM

**Table S16: Why respondents with jobs think they got the job**

Country	Reason	Those currently with a salaried job (% of cases)	Those not currently with a salaried job talking about last job that they were offered (% of cases)
<b>Kenya</b>	I am well qualified	67%	53%
	I have good work experience	36%	27%
	The interview went well	29%	20%
	I have good communication skills	27%	40%
	A friend, mentor or relative vouched for me	18%	13%
	I have a personal connection in the organisation	16%	7%
	My English is good	7%	13%
	Other	3%	0%
	N	143	26
<b>Nigeria</b>	I am well qualified	56%	38%
	I have good communication skills	46%	44%
	The interview went well	43%	63%
	I have good work experience	37%	25%
	A friend, mentor or relative vouched for me	19%	19%
	My English is good	15%	13%
	I have a personal connection in the organisation	12%	25%
	Other	1%	6%
	N	123	37
<b>Sierra Leone</b>	I am well qualified	73%	38%
	The interview went well	64%	63%
	I have good communication skills	37%	44%
	I have good work experience	36%	25%
	A friend, mentor or relative vouched for me	23%	19%
	My English is good	13%	13%
	I have a personal connection in the organisation	13%	25%
	Other	5%	--
	N	86	20

**Source:** F-t-F

**Table S17: Why respondents think they did not get the job**

Country	Reason	% of Respondents
<b>Kenya</b>	I do not have good work experience	55%
	I am not well qualified	39%
	I did not have a personal connection in the organisation	37%
	I did not have a friend, mentor or relative vouched for me	14%
	The interview did not go well	11%
	The process is ongoing / I don't know / I was not interviewed	11%
	I do not have good communication skills	9%
	My English is not good	2%
	Other	5%
	N	65
<b>Nigeria</b>	I did not have a personal connection in the organisation	35%
	I do not have good work experience	30%
	I am not well qualified	28%
	The interview did not go well	28%
	I did not have a friend, mentor or relative vouched for me	23%
	The process is ongoing / I don't know / I was not interviewed	20%
	I do not have good communication skills	13%
	My English is not good	13%
	Other	10%
	N	40
<b>Sierra Leone</b>	I did not have a personal connection in the organisation	32%
	The process is ongoing / I don't know / I was not interviewed	32%
	I do not have good work experience	12%
	The interview did not go well	8%
	My English is not good	--
	I am not well qualified	--
	I do not have good communication skills	--
	I did not have a friend, mentor or relative vouched for me	--
	Other	16%
	N	25

**Source:** F-t-F

**Table S18: What respondents think helped successful friends to find a good job**

Country	Reason selected	Percent of respondents
<b>Kenya</b>	They have good connections	67%
	They are well qualified	45%
	They have good work experience	36%
	They work hard	17%
	They have good communication skills	13%
	I don't know	12%
	Their English is good	7%
<b>Nigeria</b>	They have good connections	44%
	They have good work experience	39%
	They work hard	36%
	They are well qualified	35%
	They have good communication skills	32%
	Their English is good	21%
	I don't know	16%
<b>Sierra Leone</b>	They have good connections	63%
	They are well qualified	45%
	They have good work experience	42%
	They work hard	36%
	They have good communication skills	18%
	I don't know	17%
	Their English is good	4%

**Source:** F-t-F

**Table S19: Fairness in the recruitment process**

Do / did you think the recruitment process was fair?	Kenya	Nigeria	Sierra Leone
Currently with salaried job	Yes = 97% No = 3% N = 143	Yes = 97% No = 3% N = 123	Yes = 94% No = 6% N = 86
Not currently with a salaried job talking about their last application, when they were offered the job	Yes = 100% No = 0% N = 15	Yes = 75% No = 24% N = 17	Yes = 100% No = 0% N = 7
Not currently with a salaried job talking about their last application, when they were NOT offered the job	Yes = 45% No = 55% N = 64%	Yes = 65% No = 35% N = 40	Yes = 13% No = 87% N = 40

Source: F-t-F

**Table S20: Perceptions of discrimination**

Responses to statement: "I feel discriminated against when I apply for a job"					
Country		All respondents		Respondents <u>without</u> a salaried job	
		%	Cumulative %	Males	Female
<b>Kenya</b>	Strongly agree	12%	12%	23%	14%
	Agree	21%	<b>33%</b>	20%	27%
	Neutral	17%	49%	19%	29%
	Disagree	27%	77%	23%	20%
	Strongly disagree	23%	100%	15%	10%
	Total	100%		100%	100%
	N	282		79	59
<b>Nigeria</b>	Strongly agree	5%	5%	7%	7%
	Agree	12%	<b>17%</b>	9%	14%
	Neutral	19%	36%	23%	20%
	Disagree	50%	86%	49%	48%
	Strongly disagree	15%	100%	13%	15%
	Total	100%		100%	100%
	N	359		104	132
<b>Sierra Leone</b>	Strongly agree	8%	8%	18%	4%
	Agree	20%	<b>28%</b>	25%	28%
	Neutral	22%	50%	16%	21%
	Disagree	34%	84%	26%	34%
	Strongly disagree	16%	100%	15%	13%
	Total	100%		100%	100%
	N	278		107	85

Source: F-t-F



**Table S21: Respondent assessment of whether formal education prepares for getting a job**

Country	(Strongly agree + Agree)	
	Respondents with jobs	Respondents without jobs
Kenya	83%	59%
Nigeria	81%	82%
Sierra Leone	94%	67%

**Source:** F-t-F

**Table S22: Suggested improvement to education to better prepare young people to get work**

Potential improvement	Kenya	Nigeria	Sierra Leone
Make it more practical	85%	73%	63%
Improve quality of teaching	32%	31%	62%
More emphasis on communication and interpersonal skills	25%	37%	15%
No change needed	6%	2%	2%
More emphasis on basic skills	4%	31%	33%

Percent of cases

**Source:** F-t-F

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## Appendix 1      The study team

**Appendix Table 1: The study team**

Name	Role
Dr James Sumberg (IDS)	Project leader
Dr Marjoke Oosterom (IDS)	Political science, youth citizenship
Dr Philip Mader (IDS)	Economics
Dr Keetie Roelen (IDS)	Economics / research methods
Mr Justin Flynn (IDS)	Research support
Dr Amalavoyal Chari (Univ. Sussex)	Economics / labour markets
Dr Grace Mwaura	Geography, Lead for Kenya work
Kennedy Wahome	Research Assistant
Sylvia Wachira	Research Assistant
Mr Robert Sam-Kpakra	Development consultant, Lead for Sierra Leone work
Mohamed Feika	Research Assistant
Mohamed Daramy	Research Assistant
Grace Bangura	Research Assistant
Zainab Lavalie	Research Assistant
Lango Samai	Research Assistant
Dr Ayodele Ibrahim Shittu (Univ. Lagos)	Economics, Lead for Nigeria work
Tomide Awoniyi	Research Assistant
Akindele Oliade	Research Assistant
Sodipe Olayinka	Research Assistant
Edache Itome	Research Assistant
Asamu Habibat	Research Assistant

## Appendix 2      The study methodology

### Introduction

The methodology used for the main study was exploratory, comparative and interdisciplinary. It was exploratory in because there was neither sufficient time nor resources to test specific hypotheses; rather data gathering and analysis was used to probe and explore a number of issues, questions and relationships that were identified in the TOR. The methodology and data gathering were designed to allow comparative analysis across a number of dimensions including the three countries, but also gender, education level, etc. Finally, the study was informed by insights from the fields of labour economics, youth studies and politics.

The five components of the study are described in detail below.

### Review of research and policy literatures, and official statistics

The objective of the literature review was to determine the current state of knowledge about youth labour markets in the three study countries and SSA more generally.

Relevant published literature was identified using the search tools Web of Science and Google Scholar. A number of search term were used in various combinations, including: Africa; Kenya; Nigeria; Sierra Leone; employment; labour / labour market; youth; young people; rigidities; constraints; and business environment reform.

Unpublished and policy-related documents, and statistical information, was identified using Google Scholar, Google, and through interviews and visits to government offices and other organisations.

PDF version of most documents were collected and stored in a shared library. Citations to all identified documents were entered into an Endnote library.

These documents were reviewed and informed the design of the study; the most relevant ones are also referred to in the final report.

### Face-to-face interviews with key stakeholders

The objective of the semi-structured face-to-face interviews was to allow the research team to engage with, and understand the perspectives of, a range of individuals in the business and policy communities and young people. The selection of individuals to be interviewed was made in the light of the stakeholder mapping exercise.

Stakeholder mapping was used to develop a sampling frame of key organisations and individuals to guide the selection of individuals to be interviewed. For each country, lists of organisations and contacts (names, position, and contact details) who fell into a number of categories were assembled, including:

- Chamber of Commerce, key business association, industry federation, employers' association etc (**potential contacts:** heads and/or policy staff)
- The ~25 largest firms, by number of employees (**potential contacts:** presidents, chief executives and/or managing directors; heads of HR)
- A selection of medium and small formal-sector firms (located in the Nairobi, Freetown, Lagos areas) (**potential contacts:** presidents, chief executives and/or Managing Directors; heads of HR)

- Five largest government ministries (as employers), by number of staff (**potential contacts:** ministry HR head; civil service HR head)
- A selection of major / large recruitment agencies etc (**potential contacts:** presidents, chief executives and/or managing directors)
- A selection of major / large public and private sector labour unions (**potential contacts:** heads and/or policy staff)
- Head or policy or key policy staff in ministries of education; labour / employment; youth; finance / treasury; planning; social security agencies
- A selection of NGOs working on employment issues, and particularly youth employment and women's empowerment issues (**potential contacts:** Director; director of policy; programme leader)
- Country offices of ILO and UNICEF (**potential contacts:** Director; director of policy)

Using these lists individuals were contacted to determine if they would agree to be interviewed. The goal was to do around 20 interviews across these categories per country.

The general outline of the interviews is given below.

### **Exploratory interviews with young people**

In addition to some basic information about the interviewee, some of the areas to be explored might include:

- Employment history
- Job search strategies; how they learn about job openings
- Kinds of jobs that would like and/or are applying for
- How many jobs they have "applied for" or sought over the last 6 or 12 months, and in what ways did they apply; how many interviews; what results?
- Perceptions of what accounts for success / failure in their job search
- Perceptions of the importance of support from family (parents/carers, siblings and extended family, 'uncles' etc) and peers, and how they help or hinder the job search, and how they hinder.
- Perceptions of barriers to job search such as gender norms, (perceptions of) exclusion on grounds of language, ethnicity, disability, etc., balance between paid and unpaid care work
- Steps they are taking or considering to improve their chances of landing of job
- Perceptions concerning the importance (or not) of social expectations in relation to the kind of jobs that they apply for, and their success (or not) in getting a job?
- Perceptions concerning the importance (or not) of spatial proximity, and willingness to re-locate in relation to the jobs that they apply for, and their success (or not) in getting a job?
- Perceptions concerning the / any links between politics (or political activity) and their success / failure in their job search.
- Perceptions about the fairness of the recruitment process... Have they experienced discrimination based gender, party affiliation, ethnicity or regional origin, or of any other type?





- Does / how does ethnicity play a role in finding a job here? Is it an important factor, more than your education for instance? Can you explain?
- Has this affected you personally? Can you share a story, an example from your life? It can either be an example of when your background was helpful, or when you experienced it as a hindrance. Encourage stories, not one-line answers.
- In this city/state, do certain political groups, or political parties or prominent politicians influence certain sectors and types of jobs?
- So if you want a certain kind of job that is associated with that group or person, how does it work, what would you need to do?
- Does it mean you cannot apply for certain kinds of job, or how do you go about it? Here you could also ask about type of mediators used
- Have you experienced this personally; can you share a story, an example from your life? Encourage stories, not one-line answers.

## **Interviews with other stakeholders**

### **Who is being interviewed?**

- Ask the interviewee to say something about his/her background and history, education, age etc ... how he/she got to their current position? This is an opportunity to make some personal links to them...
- Ask the interviewee to describe their position and function... how long he/she has been in the position... and what their organisation is all about...
- Depending on who is being talked to... the interview will cover some or all two of the next three sections....

### **Perceptions about... business expansion and profitability...**

- Ask the interviewee how their business is doing... are they growing... do they anticipate growth over the next two years?
- Ask the interviewee if the business is profitable... does he/she anticipate profitability will continue over the next two years?
- From his/her perspective, what are the most important constraints to the expansion and profitability of their business?

### **Perceptions about... constraints to the creation of new jobs...**

- If the interviewee is associated with a company, government ministry or NGO... has their organisation created any new jobs in the last year? If so, what kinds of jobs? How many?
- Has the organisation cut any jobs in the past year? If so, what kinds of jobs? How many?
- Do the organisation anticipate creating new jobs in the coming year? If so, what kinds of jobs? How many?



- From his/her perspective, what are the most important factors that constrain their organisation's ability of create new jobs?
- Does he/she have ideas about how these constraints might be addressed?
- From his/her perspective, how important are current labour laws and regulations in regulations in constrain their organisation's ability of create new jobs?
- Are there specific laws or regulations that he/she is particularly concerned about?
- Do firms currently have ways that they can use to circumvent these?
- Does he/she have ideas or suggestions about how these laws or regulations might be altered?

**Perceptions about... constraints to young people's access to formal jobs...**

- Are there many young employees in his/her organisation?
- Does the organisation make any specific efforts to recruit young employees? Why, why not? In what kind of jobs?
- How does the organisation go about recruiting new staff... where does it advertise, and why... does it use recruitment agencies, and why or why not...?
- When recruiting, how does the organisation perceive young applicants whose only previous work experience is in the informal sector?
- Does the organisation receive many applications from young women... does it have a specific policy about recruiting... or does it make specific efforts to recruit, young women?
- What does he/she find to be the biggest challenges in recruiting or working with young employees?
- Read the statement: "The education young people received at school or university prepared them well for getting a job". How does he/she react? Strongly agree, Agree, Somewhat agree, Somewhat disagree, Disagree, Strongly disagree. Ask he/she to explain their reaction
- How does he/she think school, technical or university education could be changed to better prepare young people for employment?
- From his/ her perspective, is turnover among young staff especially high? Are there any particular challenges in retaining young people in jobs? What are these?
- What does he/she find to be the biggest rewards from recruiting or working with young employees?
- In his/her view, do young people have a particularly difficult time in accessing jobs in his/her organisation or in the sector?
- Is this the same for men and women?
- For your organisation, how important is previous experience in a formal sector job?
- From his/her perspective, what are the most important factors that affect young people's access to jobs?
- Do these factors affect women and men differently?

- Does he/she have ideas or suggestions about how these factors might be addressed?
- From his/her perspective, how important are current labour laws, regulations and practices in helping facilitating young people's access to jobs?
- Can they identify and specific laws or regulations that facilitate young people's access to jobs?
- Does his/her organisation provide maternity leave, and/or make provision for mothers who are still nursing babies?
- From his/her perspective, how important are current labour laws and regulations in regulations in constrain young people's access to jobs?
- Are there specific laws or regulations that he/she is particularly concerned about?
- Do he/she have ideas or suggestions about how these laws or regulations might be altered to improve young people's access to jobs?

#### **Coming to the end, follow-up and thank you**

- Do they have any more that would like to add, or any questions about the research?
- Would they like to be kept informed of the progress of the research? Ask for email at this stage.
- Thank you!

In total some 49 interviews were conducted (Appendix Table 2).

Interviews were recorded and transcribed or detailed notes were taken. Most transcripts and notes were read commented upon by more than one member of the research team.

**Appendix Table 2: Classification of interviewees**

Stakeholder group	Number of interviews		
	Kenya	Nigeria	Sierra Leone
Employed young male	2	1	1
Employed young female	2		2
Unemployed young male	2		1
Unemployed young female	3		1
Private sector actor	10	9	7
Government actor	3		1
Non-profit actor	3		
Other			1
<b>Total</b>	<b>25</b>	<b>10</b>	<b>14</b>

#### **A Face-to-Face survey of young people**

The objective of the face-to-face survey was to develop a better understanding of young people engagement with the formal labour market, it thus focused on young people who are in salaried jobs or seeking salaried jobs in Nairobi, Lagos and Freetown. The survey focused on how job are sought and won, the conditions of salaried employment, and perceptions about education and gender roles.

The survey was designed using SurveyMonkey, and tested extensively. In each country, a survey team was identified and trained. In addition to the main country researchers, these teams included 2, 5, and 5 members in Kenya, Nigeria and Sierra Leone respectively.

In the interest of the security of the survey teams and efficiency, the survey teams visited locations where significant numbers of young people were likely to be encountered (Appendix Table 3).

In Kenya and Nigeria, responses were entered directly into SurveyMonkey by a study team member using a smartphone. In Sierra Leone, connectivity was not stable enough to support on-line completion of the survey, so it was migrated to another application (QuickTap Survey) that can be used off-line on a smartphone or tablet and uploaded later.

**Appendix Table 3: Main locations for Face-to-Face survey**

Country		Main locations	
Kenya (Nairobi)		A number of cafes, internet cafes and restaurants in the city centre and residential areas A number of churches, salons and barber shops, sports clubs / gyms Prison Staff Training College Public Parks (Uhuru and Central Parks) Kenyatta University Karen University of Nairobi The Hub (Shopping Mall) Dargoretti Corner Junction Mall Ruiru town and residential South B & C – residential Utawala – residential Runda – residential Youth Gatherings (YMCA, Pawa 254, and youth meetings in the city) Westlands (people in offices) Ruaka shopping centre & residential Banana shopping centre & residential Kikuyu	
Nigeria (Lagos)		The National Stadium, Surulere Shoprite Shopping Mall, Surulere The City Mall, Alausa, Ikeja, St. Agnes Catholic Church, Akoka Shoprite Shopping Mall, Lekki-Epe Expressway Other areas covered included Bariga, Lagos Mainland Oshodi-Isolo Oworosoki, Lagos Mainland Iwaya/Makoko, Lagos	
Sierra (Freetown)	Leone	Zone	Locality / Neighbourhood
		West	Lumley Aberdeen Wilberforce Wilkinson Road Juba Brookfields
		Central	PZ Rawdon Street Siaka Steven Street How Street Lightfoot Boston Street
		East	Wellington Calaba Town Kissy

In total, 281, 359 and 278 face-to-face surveys were completed in Kenya, Nigeria and Sierra Leone respectively (against a target of approximately 200 per country).

Data were exported from SurveyMonkey and QuickTap Survey into SPSS for analysis.

### **An experimental Social Media survey of young people**

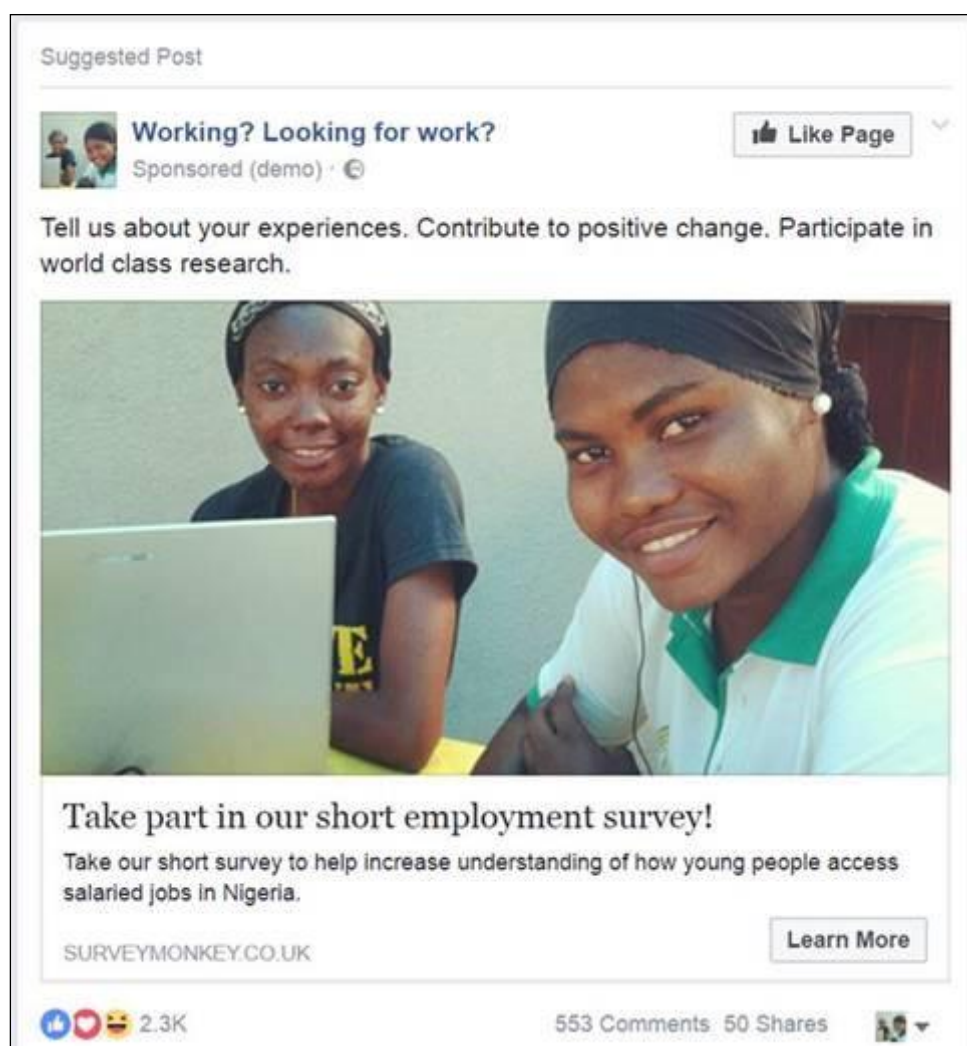
Initial interviews highlighted the role of intermediaries in the labour market. This experimental survey was designed to explore this further with data from a much larger number of young people living in different parts of the study countries. We were specifically interested to learn more about how education and family background were associated with the use of particular market intermediaries. This is important because some of these intermediaries act by expanding or restricting access to the job market, and some provide a competitive advantage to job seekers.

Because of concerns about connectivity and the cost of airtime, a short, tightly focused survey was needed. A 13-question survey was designed using SurveyMonkey with the objective that it could be completed in around five minutes.

For Kenya and Nigeria, the survey was advertised through Facebook, Instagram and LinkedIn over a 24-day period (between 3 May and 27 May 2017). Users between the ages of 15 and 35 (inclusively) were targeted (18-34 on LinkedIn). Thus, the sample frame was all Facebook, Instagram and/or LinkedIn users in Kenya and Nigeria between the ages of 15 and 35. The assumption was that young people who used these social media, and who were willing and able to respond to a survey about work in English, would likely be either engaged in or seeking to engage in salaried employment. Nevertheless, it goes without saying that we have no ability to judge the representativeness of the individuals who responded. Given the focus on the study on engagement with the formal labour market, the fact that this sample frame likely excluded the most poorly educated and/or rural young people was not a major concern.

A screen shot of the Facebook advertisement is shown in Appendix Figure 1. A total of 1007 and 774 individuals completed the survey in Kenya and Nigeria respectively; on average 127 completed responses were received per day from Kenya while 35 were received from Nigeria.

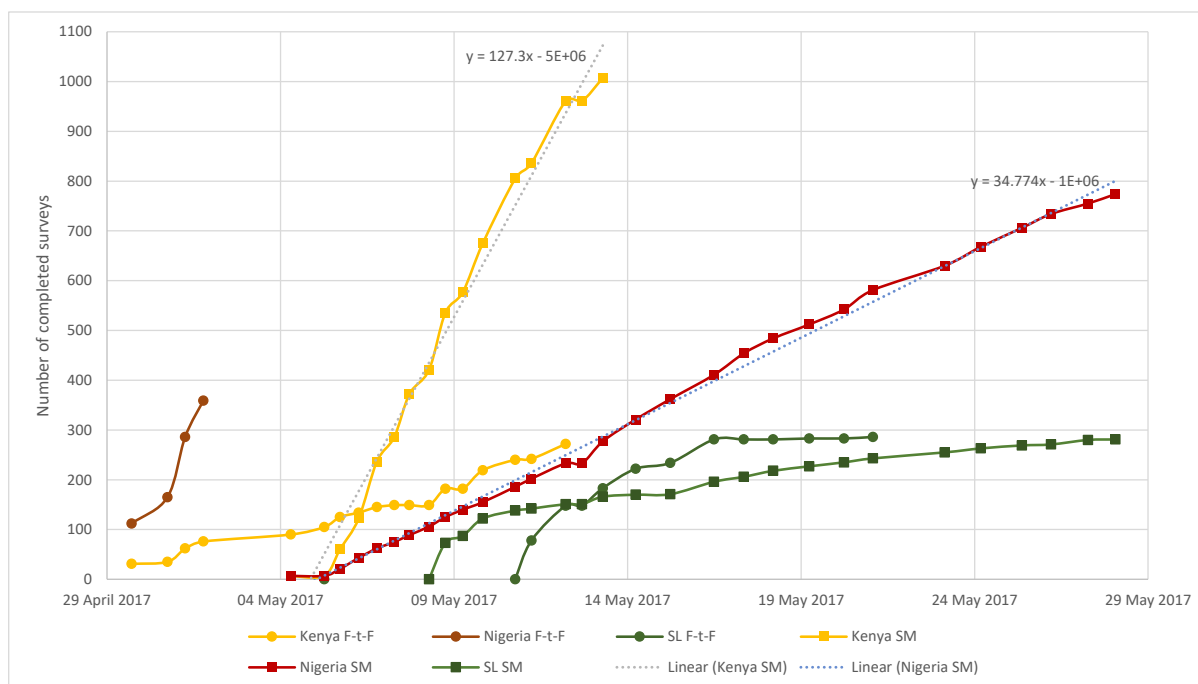
## Appendix Figure 1: Screen shot of Facebook advertisement



For Sierra Leone, there were concerns that less engagement with social media and poor connectivity would limit the response to and usefulness of the strategy used in Kenya and Nigeria. An arrangement was therefore made with a private IT and recruitment company to distribute the link to the survey through its extensive database of contacts (more than 24,000 individuals). Between 08 May and 02 June 2017, the link was distributed by the company through its website portal and Facebook page, and shared on LinkedIn and WhatsApp. After noting a very slow response rate, and a strong gender bias toward male respondents, we decided to advertise directly through Facebook and LinkedIn as we had done for the other countries. 281 individuals completed the survey in Sierra Leone.

Progress of F-t-F and SM surveys is shown in Appendix Figure 2.

**Appendix Figure 2: Progress of F-t-F and SM surveys**





### Appendix 3 Anonymised list of interviewees

Country	Code	Description
Kenya	K:EF1	Employed young female
	K:EF2	Employed young female
	K:EM1	Employed young male
	K:EM2	Employed young male
	K:GVT1	Senior employee, government educational institute
	K:GVT2	Employee, government research institute
	K:GVT3	Employee, government industrialization ministry
	K:NPF1	Employee, education to employment programme
	K:NPF2	Senior manager, youth employment and skills programme
	K:NPF3	Employee, youth empowerment institute
	K:PF1	Senior employee, development policy institute
	K:PF2	Employee, business school
	K:PF3	Senior employee, regional audit firm
	K:PF4	Senior employee, insurance firm
	K:PF5	Head of customer research, telecoms firm
	K:PF6	CEO, engineering firm
	K:PF7	Employee, national association of manufacturers
	K:PF8	Employee, private firm
	K:PF9	Employee, internet-based jobs platform
	K:PF10	CEO, medium-sized IT company
	K:UF1	Unemployed young female
	K:UF2	Unemployed young female
	K:UM1	Unemployed young male
	K:UM2	Unemployed young male
	K:UM3	Unemployed young male
Nigeria	NG:SHI01	Head of human resources and admin, technology firm (PF)
	NG:SHI03	Human resources manager, agri-processing firm (PF)
	NG:SHI04	HR professional (PF)
	NG:SHI07	Acting CEO, bank (PF)
	NG:SHI09	Head of human resources & administration, education firm (PF)
	NG:SHI10	Senior financial officer, petroleum industry firm (PF)
	NG:SHI11	Head of research section, bank (PF)
	NG:SHI12	Partner, personal branding and employability skills firm (PF)
Sierra Leone	SL:SH13	Chief security officer, real estate firm (PF)
	NG: SH14	Young employee, pensions administration firm (EM)
	SL:EF1	Employed young female
	SL:EF2	Employed young female
	SL:EM1	Employed young male
	SL:GVT1	Senior employee, government commission
	SL:PF1	Employee, private firm
	SL:PF2	Head of human resources bank

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SL:PF3	Head of human resources, bank
SL:PF4	General manager, tourist hotel
SL:PF5	HR and operations manager, recruiting firm
SL:PF6	MD, development consulting firm
SL:PF7	Employee, international accounting firm
SL:STU1	PhD student working on youth engagement in the labour market
SL:UF1	Unemployed young female
SL:UM1	Unemployed young male

## Appendix 4 Demographic, educational and employment information for survey respondents

### Kenya

Indicator	Kenya Face-to-Face Survey		Kenya Social Media Survey	
Location:	Nairobi		Kenya	
Dates:	29 April – 12 May 2017		04 May – 27 May 2017	
Number of completed responses	281		1017	
% by sex	50.2% Male; 49.8% female		43.7% male; 56.3% female	
% residing in Nairobi	100%		43.4%	
Age distribution	<b>Age Range</b>	<b>Percent</b>	<b>Age Range</b>	<b>Percent</b>
	15-19 years	8.9%	15-19 years	3.2%
	20-24 years	34.2%	20-24 years	45.8%
	25-29 years	28.1%	25-29 years	35.3%
	30-35 years	28.8%	30-35 years	15.6%
Highest level of education completed	<b>Education completed</b>	<b>Percent</b>	<b>Education completed</b>	<b>Percent</b>
	Primary school	4.6%	Primary school	0.8%
	Secondary school	32.0%	Secondary school	19.1%
	Poly, technical or vocational college	34.2%	Poly, technical or vocational college	29.0%
	University (1 <sup>st</sup> degree)	22.4%	University (1 <sup>st</sup> degree)	44.6%
	University (post-graduate)	6.4%	University (post-graduate)	6.0%
Percent currently in a salaried job	51%		50%	

## Nigeria

Indicator	Nigeria Face-to-Face Survey		Nigeria Social Media Survey	
Location:	Lagos		Nigeria	
Dates:	29 April – 01 May 2017		04 May – 27 May 2017	
Number of completed responses	359		771	
% by sex	46.8% Male; 53.2% female		45.8% male; 54.2% female	
% residing in Lagos	100%		34.0%	
Age distribution	<b>Age Range</b>	<b>Percent</b>	<b>Age Range</b>	<b>Percent</b>
	15-19 years	19.8%	15-19 years	3.6%
	20-24 years	42.3%	20-24 years	22.7%
	25-29 years	26.7%	25-29 years	36.7%
	30-35 years	11.1%	30-35 years	37.0%
Highest level of education completed	<b>Education completed</b>	<b>Percent</b>	<b>Education completed</b>	<b>Percent</b>
	Primary school	12.5%	Primary school	0%
	Secondary school	47.1%	Secondary school	13.5%
	Poly, technical or vocational college	32.9%	Poly, technical or vocational college	21.8%
	University (1 <sup>st</sup> degree)	27.3%	University (1 <sup>st</sup> degree)	50.4%
	University (post-graduate)	2.2%	University (post-graduate)	14.2%
Percent currently in a salaried job	34%		61%	

## Sierra Leone

Indicator	Sierra Leone Face-to-Face Survey		Sierra Leone Social Media Survey	
Location:	Freetown		Sierra Leone	
Dates:	11 May – 21 May 2017		08 May – 27 May 2017	
Number of completed responses	278		243	
% by sex	53.2% Male; 46.8% female		84.8% male; 15.2% female	
% residing in Freetown	100%		54.3%	
Age distribution	<b>Age Range</b>	<b>Percent</b>	<b>Age Range</b>	<b>Percent</b>
	15-19 years	12.6%	15-19 years	2.1%
	20-24 years	16.3%	20-24 years	4.9%
	25-29 years	27.7%	25-29 years	40.7%
	30-35 years	33.5%	30-35 years	52.3%
Highest level of education completed	<b>Education completed</b>	<b>Percent</b>	<b>Education completed</b>	<b>Percent</b>
	Primary school	8.3%	Primary school	0.8%
	Secondary school	36.0%	Secondary school	3.7%
	Poly, technical or vocational college	23.4%	Poly, technical or vocational college	21.0%
	University (1 <sup>st</sup> degree)	30.2%	University (1 <sup>st</sup> degree)	58.0%
	University (post-graduate)	1.8%	University (post-graduate)	16.5%
Percent currently in a salaried job	31%		69%	

## Appendix 5 Profiles of three study countries

### Kenya

#### Context

Since 2015, Kenya has been classed as a middle-income country. Around 70 percent of the population live in rural areas (Zepeda et al., 2013b), while more than 75 percent are under 35 years of age. The share of employment in agriculture has decreased from 43 to 36 percent over the past decade while employment in services increased from 44 to 50 percent. However, productivity in the service sector actually fell over this period (Sanchez Puerta and de Silva, 2016).

Jobs are an important aspect of Kenya's policy on economic and social welfare. Indeed, more productive and transformational job opportunities are considered key in achieving Kenya's central development platform, *Vision 2030* (Sanchez Puerta and de Silva, 2016). Even if Kenya were to meet its economic growth target of 10 percent for the period of the second medium-term plan (Republic of Kenya, 2013; Munga et al., 2014), which it has not (The World Bank, 2016), it is likely that the current situation, in which "informal is normal", will continue for some time to come.

In 2016, Kenya was ranked 63 of 144 in the *Global Gender Gap* report: of the 34 other African countries that are ranked, eight countries have a better score than Kenya (Nigeria ranks 118<sup>th</sup> overall, while Sierra Leone was not scored).<sup>8</sup>

#### Demography

According to the 2009 Kenya census, those aged under 15 comprised 43 and those aged 15 to 34 and 35 percent of the population respectively (Munga et al., 2014). Kenya's 15 to 24 year-olds make up 37 percent of the working-age population, while the 25-34 year-olds make up an additional 29 percent. Despite the fact that the rate of population growth is slowing, the 15-34 year-old segment will continue to grow faster than adult working-age population for several decades to come (Escudero and Mourelo, 2013; Zepeda et al., 2013a): youth are projected to represent 55 percent of the working-age population by 2050 (Omolo, 2012). The youth population is projected to double by 2050. Kenya will have a youth bulge<sup>9</sup> for many years.

#### Growth diagnostics and labour markets

After a sharp drop in GDP growth in 2008 (0.2 percent vs 6.7 percent in 2007), Kenya's economy grew steadily between 5 and 6 percent to 2015, and is expected to continue to do so until 2019 (The World Bank, 2017b). A stable macroeconomic environment, the rebound in tourism, low oil prices, a strong influx of remittances and important public investments have contributed to the favourable economic outlook. However, an ongoing drought has resulted in crop failure, the death of livestock, and an

<sup>8</sup> The World Economic Forum publishes the *Global Gender Gap* report each year, covering 144 countries in 2016. The reports focuses on the relative gaps between women and men across four key areas: health, education, economy and politics, and ranks countries based on gender equality. See: <http://reports.weforum.org/global-gender-gap-report-2016/economies/#economy=KEN>

<sup>9</sup> This term is defined variously as when young people represent 20 percent of the population (UNDP and Republic of Kenya, 2010) or simply when the population aged 15 and above represents an unusually high proportion of the population (Urdal, 2006)

ensuing food shortage. Poor rains have also affected hydroelectric generation. These are some of the reasons for the shift to a constrained economic outlook (the Government was hitherto aiming for 10 percent GDP growth by 2017 (Republic of Kenya, 2013)).

In terms of job creation, employment growth outpaced growth of the working-age population between 2006 and 2013 (4.5 percent vs 2.8 percent), which means that a greater share of Kenyans have been able to work. However, a recent World Bank report states that despite the relatively favourable economic situation, the economy has not generated quality jobs (The World Bank, 2016). Indeed, it states that public investment (e.g. in railways, roads, and energy) has played an important role in generating this growth, but that jobs for the most part have not been productive enough, and that higher consumer demand has mainly gone into low-productivity services. Labour productivity has stagnated for the past few years and is in fact growing more slowly than poorer countries such as Ethiopia, and others including Ghana, Burkina Faso and Ethiopia. Even though more jobs have been created in the non-agricultural sector – especially in services – than in agriculture, productivity has actually decreased in the service sector. Most of the jobs being created are in the informal sector (The World Bank, 2016) and the manufacturing sector remains small and stagnant, and provides relatively few quality jobs (Bigsten et al., 2016). The share of formal employment has fallen to less than 20 percent (Munga et al., 2014). Thus, while jobs are being created, they are predominantly in the informal sector. Bigsten et al. (2016: 358-359) conclude, “The main labour market problem in Kenya is not open unemployment but rather a large number of working poor – subsisting in the informal sector and smallholder agriculture.”

A number of constraints to the creation of formal jobs have been identified including “perceived high taxation rates, large numbers of procedures required for starting a business, and a high burden of customs procedures” (Global Competitiveness Index, 2010, 2011, cited in Munga et al., 2014). Other factors include “the challenge posed by corruption, and the business costs of crime and Kenya violence” (Munga et al., 2014: 347-348). Education and skills are also seen as problematic: at least 30 percent of firms mention the lack of a well-educated workforce as a major constraint, and of all labour market constraints, the availability of educated workers is the only obstacle firms perceived to have increased in severity in recent years (The World Bank, 2016). Beyond this barrier, a number of authors focus on a “skills mismatch” within the labour market (Munga et al., 2014; The World Bank, 2016), associated with a lack of a coherent policy.

Among 15-24 year olds, employment rates were 43 percent lower than adults in 2011, one of the highest disparities in SSA (and twice the rate observed in the region) (Escudero and Mourello, 2013). This group also had a higher rate of inactivity than for adults (by 20 percentage points), while 25-34 year olds also had higher inactivity rates than adults (by 2.9 percentage points). Young people also tend to be in worse types of employment than for older adults. Indeed, in a nine-country study, which included Kenya, young people under the age of 35 were 1.9 times more likely to have an informal job than a formal job, a rate lower than that for adults (Tijdens et al., 2015). Further, a substantial proportion of youth are in vulnerable employment.<sup>10</sup> Young people report being vulnerable to nepotism and a lack of fairness in accessing higher quality jobs (The World Bank, 2016) and are more likely to be dismissed by employers than older people, particularly since:

<sup>10</sup> Vulnerable employment here refers to people who either work as unpaid family labour or who are own-account workers. (Munga et al., 2014).



“Section 40(1c) of the Employment Act (2007) requires employers to take into account seniority in time and to the skill, and ability and reliability of each employee in the selection of those workers to be declared redundant. Obviously, this criterion puts young workers at a disadvantage in the event of redundancies.” (Omolo, 2012: 14)

## Nigeria

### Context

Unlike in the other study countries, some argue that Nigeria’s economy is undergoing a structural transformation. Alemu (2015) argues that in the last decade, employment and value addition shifted from the primary (mainly agricultural) sector to other sectors of the economy, especially services. This transformation differs from resource-based emerging economies in Asia, like Malaysia and Indonesia, whose industrial (and mainly manufacturing) sectors grew to represent a significant portion of GDP.<sup>11</sup> By 2014 nearly 50 percent of the Nigerian population lived in urban areas, and this is projected to rise to 60 percent by 2030 (Alemu, 2015; The World Bank, 2015). According to the 2016 *Global Gender Gap* report, Nigeria ranks 118<sup>th</sup> with 22 countries ranking ahead of it.

### Demography

Like many other African countries, Nigeria’s population is very young, with 44 percent being less than 15-years old (UNDESA, 2015), and 36 percent being between 15 and 34 years of age (National Bureau of Statistics, 2012). Between 2000 and 2010, the working age population grew by over 600,000 young people (aged between 15 and 24) per year (The World Bank, 2015). With one of the world’s highest fertility rates (currently above 5.4 children per woman) Nigeria’s population, estimated at 182 million people in 2015, is projected to more than double by 2050 (UNDESA, 2015). Between 2010 and 2030, it is estimated that the working-age population will increase by 66 million people (The World Bank, 2015).

### Growth diagnostics and labour markets

The Nigeria economy grew by on average six percent per annum over the decade to 2013 (Ajakaiye et al., 2016). However, in 2016 the economy went into a recession for the first time in several decades (-1.5 percent growth rate), due mainly to the continued decline in oil prices and oil production. Economic performance has also been hampered by foreign exchange shortages, power shortages and insecurity in some parts of the country (Asogwa et al., 2017). Nigeria is forecast to rebound and see 2.2 percent growth in 2017, spurred by a return to previous levels of oil production and increased infrastructure spending (*ibid.*). Non-oil sectors, particularly other mining and quarrying activities, have expanded in recent years, though manufacturing recently declined by 2.6 percent, with nearly 300 businesses shutting down, and industrial capacity utilisation declining from 51.4 percent to 35.4 percent. Among other things, this was due to increased business costs associated with the lack of foreign exchange

<sup>11</sup> Malaysia experienced a growth of its manufacturing sector from 10 percent to 28 percent of GDP over the period studied, while Indonesia experienced a growth in this sector from 8 percent to 25 percent (Alemu, 2015).

(*ibid.*). Otherwise, agriculture (although mainly rain fed) and services, especially in the communications sector, have helped to buoy the Nigerian economy (Ajakaiye et al., 2016).

Despite periods of rapid growth, poverty and inequality have risen. Poverty incidence<sup>12</sup> increased from 42.7 percent in 1992 to 61 percent in 2016 (Republic of Nigeria, 2017), and the Gini coefficient rose from 0.42 to 0.45 between 2004 and 2010 (Ajakaiye et al., 2016). As such, growth has not been inclusive. This is because most growth has occurred in sectors that generate few jobs, such as telecommunications and mining. In the agriculture sector, where half the population works, growth has barely kept up with the expanding population (The World Bank, 2015).

Nigerians cite unemployment as the most important challenge they face (The World Bank, 2015). At least 80 percent of Nigerians are employed in the informal sector, with most of these jobs in small-scale agriculture and the wholesale-retail sector (Figure 7) (Dalberg Global Development Advisors, 2016). Young people in particular experience high levels of unemployment. The unemployment rate for 15-24 year olds was estimated at 56 percent in Q1 of 2016, and that of 25-34 year olds at 33 percent (National Bureau of Statistics, 2016). Together, youth are estimated to represent 50 percent of Nigeria's unemployed (Republic of Nigeria, 2017).

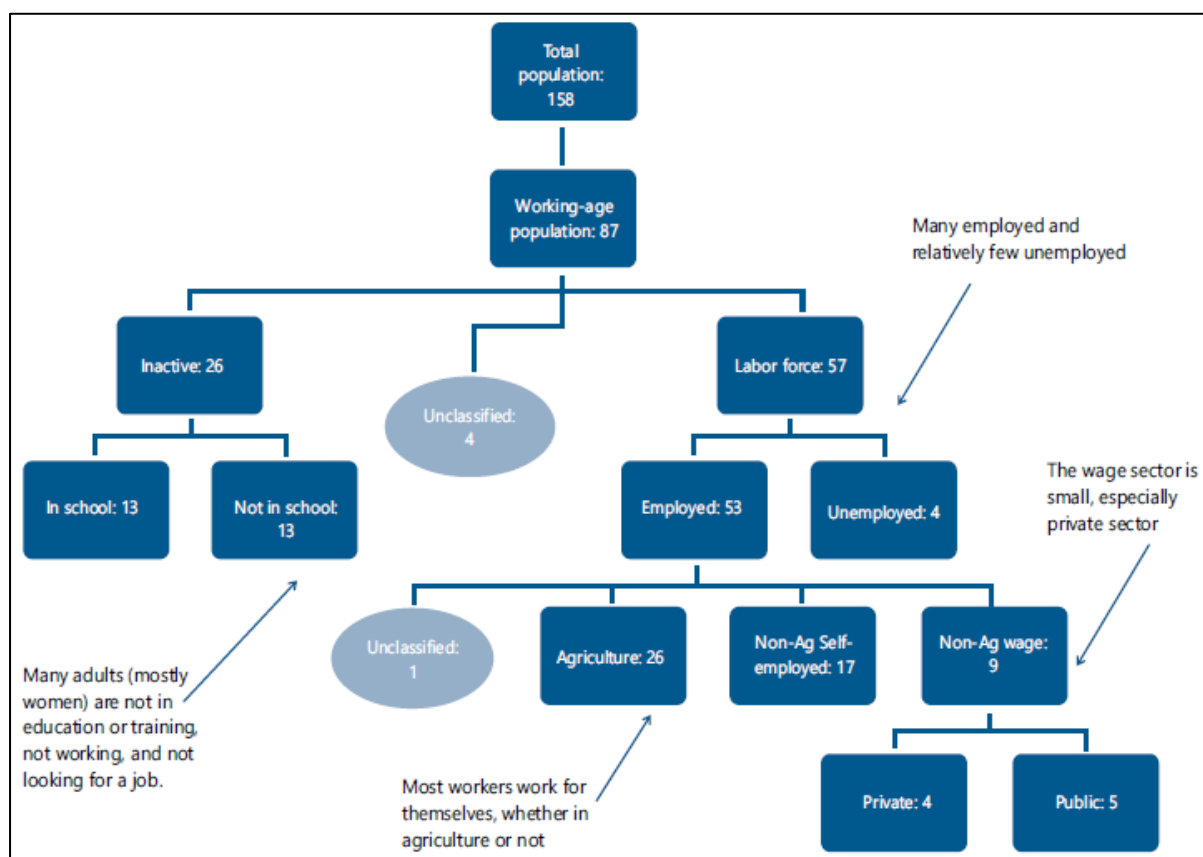
Women are disadvantaged in terms of employment. There are fewer employed women than men (60 percent vs 70 percent respectively) (The World Bank, 2015), and "compared to men they are less likely to be active, more likely to be in lower-earning occupations like farming and informal jobs, and earn less for a given level of education and experience (approximated by age)" (p.xvi). Seventy percent of the economically inactive population in Nigeria are married women, due largely to their domestic duties, and compared to their share of the working age population, young women are twice as likely to be inactive (*ibid.*). Indeed, at the age of 20, nearly 50 percent of women have already been married, versus four percent for men, and one in four women aged 15 to 19 is a mother or is expecting a child (*ibid.*).

According to The World Bank (2015), of the 17 percent of jobs which are in the waged sector, one in ten are in the public sector. Interestingly, three-quarters of those employed in the public sector are considered to work informally (i.e. they do not participate in the National Health Insurance System).<sup>13</sup>

<sup>12</sup>Poverty incidence was defined as the absolute poverty rate and measures the percentage of the population that live below a specified threshold per day.

<sup>13</sup> "While private sector jobs are almost exclusively (96 percent) informal, three out of four public sector workers are also informally employed (Figure 3.11b)" (The World Bank, 2015: , p.24)

**Appendix Figure 1: Distribution of Nigeria's working-age population (millions)**



**Source:** The World Bank (2015)

Nigeria's workforce is relatively poorly skilled, with more than half of the employed labour force of 53 million not having completed primary education, including five million youth between 15 and 24 (The World Bank, 2015). While primary enrolment rates have increased, they have now stagnated at around 60 percent. Secondary school enrolment has increased and tertiary enrolment is relatively high at 12 percent. However, with regard to basic skills, it is reported that 60 and 44 percent of students, after completing Grade 4 and 6 respectively, cannot read a full sentence (The World Bank, 2014d, in The World Bank, 2015). Education does not have much of an impact on the rate of employment, but rather on the quality of employment (Dalberg Global Development Advisors, 2016). The better educated are more likely to work in the public sector, with 57 percent of public sector workers having completed secondary school (The World Bank, 2015).

## Sierra Leone

### Context

More than 60 percent of Sierra Leone's population lives in rural areas (The World Bank, 2017a), and the workforce is mainly agricultural. Following the civil war, youth unemployment became an important political priority, with the National Youth Commission being created in 2009 to address it (Danish Trade Council for International Development and Cooperation, 2015). The effectiveness of the commission has been questioned, and its failure to give young people a voice has been critiqued (Manuel and

Katiyo, 2017). Other more recent policies meant to increase the number of productive jobs with good working conditions include the Presidential Recovery Priorities, Agenda for Prosperity (2013-2018), and the National Employment Policy, Strategy and Implementation Plan (2015-2018) (Statistics Sierra Leone, 2016b).

### Demography

Seventy-seven percent of the population of Sierra Leone is under 35 years-old (Statistics Sierra Leone, 2016a). 36 percent of the population are aged 15 – 34 accounting for 56 percent of those who are working (Margolis et al., 2016). An estimated 120,000 young people are being added to the labour market every year (DFID, n.d.-a) and the working population is projected to grow by 2.2 percent annually between 2015 and 2030. Sierra Leone is expected to experience a “demographic transition” over the next 25 years with a relatively high proportion of economically active people compared to the very young and the old. However, this transition will only result in a demographic dividend if the majority of these young people can find productive employment

### Growth diagnostics and labour markets

The Sierra Leone economy grew at an average rate of 9 percent from 2007 to 2013, reaching 20.7 percent in 2013 when it was the second fastest growing economy in the world (Manuel and Katiyo, 2017; The World Bank, 2017b). The particularly high growth rates leading up to 2014 were associated with a boom in iron ore mining. However, the Ebola crisis and a collapse of iron ore and other commodity prices, reduced growth to 4.6 percent in 2014, and the economy actually contracted by 20.6 percent in 2015 (Manuel and Katiyo, 2017). The iron ore sector and the economy overall is now recovering, and growth is estimated to be between 5 and 6 percent annually between 2016 and 2019 (The World Bank, 2017b).

The structure of the economy largely revolves around agriculture, which has been responsible for 50 percent or more of GDP since the end of the civil war in 2002. While industry represented a sizeable portion of the economy in 2013 (22 percent of GDP), with the crisis in the iron ore sector it fell back to 4.8 percent in 2015. As a result, in 2015 agriculture represented over 60 percent of GDP for the first time since 1999, with services accounting for 34 percent. Manufacturing remains a nascent sector employing only 2 percent of the workforce. This is significant, especially in the context of transformational growth. As the AfDB et al. (2016: 314) put it, “Manufacturing is the ‘missing link’ in Sierra Leone’s structural transformation as labour migrates from low productivity agricultural activities in the rural areas directly to low productivity services (informal jobs in the urban areas) without a transformative industrial sector.”

While the Sierra Leonean economy is predicted to grow at a reasonable rate in the foreseeable future, Manuel and Katiyo (2017: 1) identify the constraints to further growth, including the following “binding constraints”:

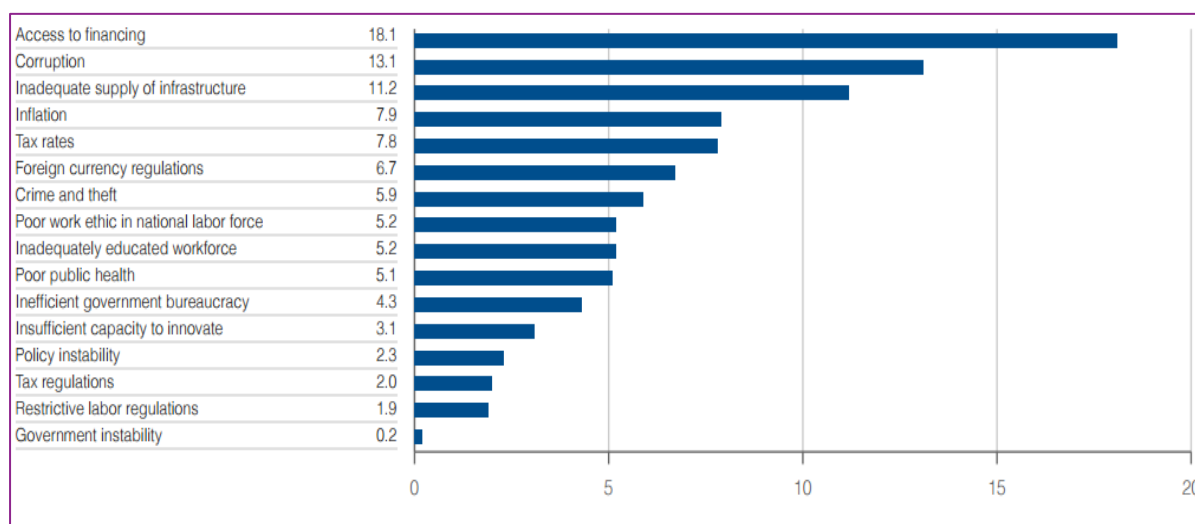
“... inadequate infrastructure and access to utilities, particularly limited availability and reliability of electricity; weak government policymaking, planning and implementation, including corruption; weak human capital; and limited access to finance. Other key constraints include limited access to land; weak government procurement and contracting; poor trade logistics, including port and border crossing; and inadequate intellectual property protection.”

The *Global Competitiveness Report* (2016-2017) states that the three most problematic factors for doing business in Sierra Leone are (1) access to financing, (2) corruption and (3) inadequate supply

of infrastructure (Figure 10) (World Economic Forum, 2016). Of particular relevance to this research is the fact that “poor work ethic in national labour force” and “inadequately educated workforce” are only in the middle of the list, and “restrictive labour regulations” is second from the bottom.

The magnitude of the challenge of transforming Sierra Leone’s economy is illustrated by the fact that only 9 percent of the population are connected to electricity (DFID, n.d.-a).

## Appendix Figure 2: Most problematic factors for doing business



**Source:** World Economic Forum (2016: 316)

Margolis et al. (2016) suggest that the labour market in Sierra Leone is similar to what is found in other countries at a similar stage of development. The 2014 Labour Market Survey suggested that over 95 percent of employed Sierra Leoneans are self-employed, with 59 percent of these working in agriculture (Manuel and Katiyo, 2017). Further, 92 percent are employed in the informal sector (Danish Trade Council for International Development and Cooperation, 2015), with only about around 100,000 formal jobs in the whole country, most of which are in the public sector (DFID, n.d.-a). The most well-educated workers, i.e. those with tertiary education and/or with technical degrees or certificates, are mainly employed in the public sector, NGOs or international organisations (Margolis et al., 2016). The formal private sector represents a very small part of the economy, and consists of only around 2,500 registered companies (Manuel and Katiyo, 2017).

Young people have fewer opportunities for salaried employment compared to those aged above 35, regardless of their qualifications (Danish Trade Council for International Development and Cooperation, 2015). Indeed, young people’s labour market participation is 52 percent versus 81 percent for those above 35. It is estimated that there are currently 800,000 young people who are actively looking for employment (Danish Trade Council for International Development and Cooperation, 2015). A significant proportion of young people do not complete primary education, and the World Bank estimates that even by 2040 almost 30 percent of 15 to 34 year olds who enter the labour market will not have completed primary school (2014, in DFID, n.d.-a). The public sector tends to exclude young people based on their age and limited experience (Danish Trade Council for International Development and Cooperation, 2015).

## Appendix 6      Productive employment and decent work

ILO defines **productive employment** as “employment yielding sufficient returns to labour to permit the worker and her/his dependents a level of consumption above the poverty line” (ILO, 2012). Thus, while many people are employed, and may work hard over long hours, not all of them, e.g. many of the “working poor”, would be considered to be in productive employment. The interest in productive employment is in terms of returns to labour, and it would be expected that, in contrast to the informal sector, relatively few formal sector jobs would fall outside the definition of productive employment (although some commenters seem to suggest that formal jobs in the public sector should not be considered as productive employment).

The notion of **decent work** is more encompassing than productive employment. ILO describes decent work as work that is productive and delivers “a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men” (ILO, 2015). Again, the assumption would be that most formal sector employment would meet the criteria of decent work. The literature and evidence on informal employment relations within the formal sector, and the study findings that are discussed in later sections of this report, suggest that this assumption deserves critical examination.

**Contact us**

**Kru Desai**

**Government and Infrastructure**

**T** +44 (0) 20 73115705

**E** kru.desai@kpmg.co.uk

**John Burton**

**International Development Assistance Services**

**T** +44 (0)7920082438

**E** john.burton2@kpmg.co.uk

**Peter Wilson**

**BERF Team Leader**

**T** +44 (0)7850329362

**E** peter.wilson@kpmg.co.uk

[www.kpmg.com](http://www.kpmg.com)