

Leveraging Youth Employment in the Tanzania Tourism Sector: The Role of MSMEs

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Abstract

Despite the employment potential of Tanzania's tourism sector, the sector is not absorbing the youth sufficiently, who remain unemployed after graduating from various institutions. This study examines the extent of youth employment in the sector and factors associated with their increased employment. Using cross-sectional data from 445 micro, small and medium enterprises (MSMEs) collected between September and November 2018, the study reveals that the youth form the largest proportion of wage employees. Furthermore, using econometric techniques, the study finds that factors influencing enterprises to employ more youths include duration of business operation, formal access to capital, provision of employment contracts, non-networking recruitment channels and number of customers. Hence, the potential of MSMEs to employ more youths depends internally on reliable access to capital and adherence to best employment practices, such as providing employment contracts and ensuring equal opportunity to applicants. Both the survival of MSMEs and increased youth employment depend externally on attracting more tourists.

Keywords: youth, employment, tourism, enterprises

JEL Classifications: M51, J21, E24

1. Introduction

Tourism is considered a strategic sector for enhancing sustainable development not only for countries with the comparative advantage in terms of natural tourist attractions endowments but for the whole world in general (World Bank, 2017; Aynalem et al., 2016; ILO, 2010). The performance of the sector is mainly dependent on the demand for tourism products, which has been increasing globally in the past decade. The increase in tourism products is driven mainly by the increased demand for leisure and holidays to enjoy world wonders. In addition, it is motivated by the need for studies, business and medication, among other activities. The importance of the sector to an economy includes stimulating production of goods and services demanded by tourists, increasing the foreign exchange earnings and creating employment. According to the World Travel and Tourism Council (WTTC) (2018a), travel and tourism made a direct contribution to the 2017 global GDP of about 3.2 percent and a total contribution, including direct, indirect and induced contributions of about 10.4 percent. In the same year, its direct contribution to global employment stood at 3.8 percent equivalent to 118,454,000 jobs, whereas the total contribution was about 9.9 percent equivalent

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to 313,221,000 jobs (that is, 1 in every 10 jobs). According to ILO (2010), tourism is the world's largest job creator with capacity to accelerate employment and offer fast entry into the workforce, especially for youth and women. The sector is labour intensive; specifically, it is the most labour-intensive sector among non-agricultural sectors, since most of its activities are service in nature (ILO, 2010; Aynalem et al., 2016). It employs people with a diversity of education and experience ranging from low to high skilled personnel (ILO, 2010; Yunis, 2009).

Tanzania is one of the sub-Saharan African (SSA) countries with a steady growth of the tourism sector in the post 2009 global financial crisis. The country's tourism is largely nature-based, with various natural attractions ranging from wildlife and other protected areas, mountains, sandy beaches, gorges, Spice Islands of Zanzibar, deep-sea fishing and several cultural attractions, which ranks it the fourth among 140 nations rich in natural tourism assets. The attractions have been a source of increased international tourists to the country over the past decade, who in turn have contributed to the sector's growth. For example, in 2017 Tanzania received 1,327,143 international tourists, which is a 3.2 percent increase from 2016 (URT, 2018). An increase in the number of international arrivals increases demand for goods and services, thereby augmenting employment in the sector. According to WTTC (2018b), travel and tourism directly employed 446,000 Tanzanians in 2017 accounting for about 3.3 percent of total employment. However, considering other sectors that are related to tourism, the number of local people employed by travel and tourism was 1,092,500, equivalent to 8.2 percent of total employment.

Notwithstanding the steady performance of the tourism sector in Tanzania, its growth has not been inclusive (Cunningham et al., 2015). Despite the potential to create jobs, the sector has not been fully leveraged to support employment, especially of youths who graduate from education institutions but find it difficult to get employment. The unemployment rate in Tanzania for youths aged between 15 and 35 years stands at 12 percent (ILFS, 2014), a relatively high rate, given the potential of the tourism sector in the country to offer jobs. It reveals that youths enter the labour market in high numbers and take a long time to get employment. As a result, the unemployment rate remains high. According to Haji (2015), more than 700,000 youths enter the domestic labour market every year, with this number estimated to rise to 1.6 million by 2030. The public sector absorbs only about 40,000 of these entrants, with the rest obliged to find placement in the private entities, including self-employment in the informal sector, or to remain unemployed.

The Tanzania tourism sector has the potential to offer employment opportunities for youths, given its natural attractions and political and macroeconomic stability, thereby contributing to reducing unemployment. By 2025, tourist arrivals are projected to reach 2.5 million visitors per annum. This projection hinges on planned interventions in the sector, including infrastructural development, increased marketing and promotion of tourist attractions and the sector's diversification through naming novel tourist attractions and expanding the southern tourists'

corridor. The increased number of tourists would lead to increased consumer demand, which in turn would lead to increase in employment in local manufacturing of goods (food, beverages, and handicrafts, among others) and provision of services (accommodation, travel, and transportation, among others).

However, the plans for promoting tourism in Tanzania do not show how the enterprises in the tourism sector should be strengthened to generate sufficient youth employment. Currently, agriculture employs the largest proportion of youths. The tourism sector shares some characteristics with agriculture, for example, low entry barriers in terms of skills and capital requirements for both direct and indirect jobs (Pechlaner et al., 2012). Notwithstanding these characteristics, the contribution of the tourism sector to total employment is still relatively low (8.2 percent) in contrast to other SSA tourist destinations with related resources, such as Mauritius, South Africa and Kenya, whose total contributions in 2017 were 22.6%, 9.5% and 9%, respectively. Thus, there is a need to raise the sector's contribution to employment in line with target 9 of Goal 8 of the United Nation's Sustainable Development Goals (SDGs), on promotion of job creation through tourism, which would have a multiplier effect for the economy. Hence, this study has firstly analysed the extent of youth wage-employment and self-employment in the tourism sector. Secondly, it has explored factors that influence the level of youth employment in the industry, with a focus on employment in the private Micro, Small and Medium Enterprises (MSMEs), in activities such as accommodation, food and beverage, transportation and travel services, retail business, and cultural tourism.

The paper is organized as follows: Section 2 presents an overview of youth employment in Tanzania to give a general picture of the problem, as it is difficult to get recent and reliable data on youth employment in the tourism sector. Section 3 reviews the theoretical and empirical literature. Section 4 explains the methodology and Section 5 reports and discusses the results. The study provides the concluding remarks in Section 6.

2. Overview of Youth Employment in Tanzania

The youth constitute a potential and useful human resource for Tanzania's economic development. During this period in a person's lifetime, the person is energetic and innovative, highly mobile and flexible to learn and adapt to new skills. The young person makes plans and formulate strategies in the period of youth, with the aim of achieving financial and economic independence. Thus, having a decent job is one of the main means of generating the resources the young person needs. Jobs enable youths to attain human dignity, which tend to lead to the creation of a stable, peaceful and harmonious society (Filmer & Fox, 2014).

The definition of youth by the Tanzanian government differs from the one used by the International Labour Organization (ILO). Thus, distinguishing between these definitions helps to create a common understanding with regard to their use in the literature. According to ILO, a youth is any person, male or female, in

the age group of 15 to 24 years. In Tanzania however, the age category of young people is defined differently, depending on the purpose of the definition: marriage, voting, employment, and criminal related issues, among other purposes. In the context of planning and policy-making, a youth is any person aged between 15 to 35 years. The latter definition considers that a person in the age range of 15 to 24 years may still be schooling; hence, the age limit for young people extends up to 35 years.

This section gives an overview of youth employment in the country, to get a general snapshot of their placement in the economy. The study gives a general picture due to limited information on youth employment in the tourism sector. Available statistics with respect to youth employment from various sources are highly inconsistent and lack comparability. This limitation arises because the available statistics are aggregated along specializations, such as hotels and restaurants, accommodation and food services, and travel and tourism, which are rarely disaggregated by age groups; hence, they do not give an in-depth status of youth employment in the tourism sector.

Youths form the largest proportion of the labour force in Tanzania, accounting for about 56 percent (URT 2014). Despite this large contribution to the labour force, their employment in certain activities is still very low. Table 1 shows the sectoral distribution of youth employment in the domestic labour market. The private non-agriculture category in which tourism activities fall employs only a small proportion of youths (8.4%). The table shows that the youth employment is concentrated in agriculture and the informal sector, which employ a larger percentage of female workers (91.7%) than that of male workers (88.55%). Due to ease of entry and less competition, these sectors attract many youths, despite their low earning potential. The tourism sector also has low entry barriers, which offer youths a chance to become entrepreneurs or to work in tourism enterprises rather than relying on only agriculture and the informal sector. Accommodation, food and beverage, travel and transportation services offer large prospects for establishing MSMEs in Tanzania, thereby creating jobs for Tanzanian youths, which may lower the waiting time for youths to be employed after school or training.

Table 1: Percentage Distribution of Employed Youths by Sector - Tanzania Mainland, 2014

Sector	Proportions		
	Male	Female	Total
Government (central & local)	1.9	2.2	2.0
Parastatal Organisations	0.4	0.1	0.3
Private Agriculture	63.7	66.7	65.2
Private Informal Sector	21.7	25.0	23.3
Private Non-agriculture	11.5	5.3	8.4
Household Duties	0.9	0.7	0.8

Source: URT (2014)

3. Literature Review

3.1 Theoretical Framework

Enterprises are among the main drivers of job creation in any economy. A firm's main objective is to produce goods and/or services for sale in order to maximize profit. To operate profitably, firms need to have sufficient inputs, such as capital and labour. Since tourism activities are mainly service oriented, enterprises in the tourism industry tend to be labour intensive (Aynalem et al., 2016). This intensity means that the human workforce is one of the important resources for tourism enterprises.

Labour market brings together demanders of labour on the one hand, that is, employers and suppliers of labour on the other, that is, individuals willing to offer their labour. Both parties interact in the market to achieve the desired outcomes. According to Marshall (1920), demand for labour is a derived demand. This means that enterprises do not demand labour for its own sake, but it is contingent on demand for goods and services that businesses produce. Hence, when employers demand more labour, more workers will be employed.

Traditional labour demand theories such as the neoclassical theory maintain that output and wages are the main determinants of firms' labour requirement (Zhou & Pindiriri, 2015; Kerr, 2013). The relationship is such that when workers demand high wages, firms employ less labour leading to high unemployment, whereas when their productivity is high, firms tend to employ more labour. This theory assumes that wages are exogenous. On the other hand, the Keynesian approach while assuming wages to be endogenous postulates that unemployment is a result of a fall in aggregate demand. Accordingly, low wages are responsible for low demand, thereby leading to rising unemployment. Thus, the relationship between employment and wages is positive. Both theories provide some insights for this study. Thus, an increase in the demand for tourism products, for example due to an increase in international arrivals (customers), would trigger more tourism activities, which would lead to employment creation, by new suppliers of goods or services or through expansion of existing firms.

3.2 Empirical Literature

The role of creating employment is not exclusive to the government. This role involves largely the private sector because it drives production in the economy. The joint efforts to create employment especially for youths signify the role of micro, small and medium enterprises in addressing unemployment and promoting entrepreneurship in the economy (Kadiri 2012, Awogbenle and Iwuamadi 2010). Several researchers have posited that the private sector, through enterprises, is the engine of employment creation in the world (De Kok et al., 2011; Aga et al., 2015).

The MSMEs are more effective in creating employment compared to large enterprises. Currently, the largest proportion of the workforce, especially in the developing countries, is employed in MSMEs. MSMEs outperform large firms in terms of job creation and share of aggregate employment in both developed and

developing countries (De Kok et al., 2011; De Wit & De Kok, 2014; Banerjee & Jesenko, 2016). For example, in the period 2002 to 2010, MSMEs were responsible for more than 80 percent of employment growth in the European Union (EU) (De Kok et al., 2011). During the period, micro enterprises were responsible for the largest contribution to total employment (more than 55 percent), followed by small enterprises. Additionally, De Kok et al. (2011) found that the annual growth rate of employment in non-financial small and medium enterprises (SMEs) was twice as high as that of large enterprises. In the subsector of hotels and restaurants for the period 2002-2008, the highest growth rate was from small enterprises (6 percent) while medium enterprise grew by 4.3 percent. The combined employment growth rate for hotels and restaurant under SMEs was 3.6 percent, which was higher than 2.6 percent growth by large enterprises. The results by De Kok et al. (2011) are similar to the findings by Neumark et al. (2011) who estimated the relationship between firm or establishment size and net job creation using the 1992–2004 data for the United States. Differentiating between manufacturing and service firms, the results still confirmed the negative relationship between enterprise size and growth of employment.

An enterprise's ability to create employment is also influenced by the age of enterprises. The growth rate of employment in new enterprises is higher than in old ones (De Kok et al., 2011). De Kok et al. (2011) found that employment in enterprises aged 5 to 10 years increased at an average of 1 percent annually in the period 2004–2008. In contrast, employment in old enterprises decreased at an average of 7 percent annually.

Similar studies in developing countries are consistent with the findings from developed countries in that the proportion of SMEs in aggregate employment is even higher than in the developed countries. Ayyagari et al. (2014) conducted a study covering 104 developing (i.e., low and lower-middle income) countries to examine the role of SMEs in employment and job creation relative to large firms. They found that SMEs (with lower than 250 workers) contributed more than 50 percent of workers in aggregate employment. However, when considering micro and informal enterprises, the employment share is about 90 percent (Page & Soderbom, 2015). The findings by Ayyagari et al. (2014) further showed that old enterprises account for higher proportion of total employment relative to young enterprises. Moreover, the younger and the smaller the enterprise, the higher the employment growth. This follows from the fact that the growth rate of young enterprises is higher than that of old firms. Sintos (2018) conducted a similar study covering 112 developing countries using the World Bank's Enterprise Surveys from 2009 to 2017. His findings corroborate with those of Ayyagari et al. (2014). In addition, SAICA (2015) showed that the period of business operation and the turnover were positively related to the level of employment.

Li and Rama (2015), undertook a review of empirical studies in developed and developing countries on the role of micro and small business in creating

employment. Their main concern was that previous studies had been underestimating the role of micro and small enterprises to create employment because household or labour force surveys tend to exclude informal micro and small enterprises. Their inclusion in employment estimations led to a higher proportion of MSMEs in total employment, particularly in the developing countries. The separated effects between service and manufacturing sectors revealed a higher proportion of employment in service sector than the manufacturing sector.

Employment in SMEs is also influenced by their access to finance. Poor access to finance is one of the significant factors hindering SMEs' ability to employ more workers (Kadiri, 2012). Most firms, especially in developing countries access credit to establish and expand business from informal sources. Such funds are not sufficient for effective expansion and growth. Youths can be empowered in the entrepreneurial economy if there are formal established means for them to access funds (Awogbenle & Iwuamadi, 2010). Other challenges constraining SMEs' employment ability include poor conditions of operation, which call for the need to create an environment that is friendly for business, including provision of economic and social amenities, such as roads, water and electricity (Kadiri, 2012; Aynalem et al., 2016).

The reviewed literature points to the role that MSMEs could play to create employment. In both developed and developing countries, the economic relevance of MSMEs rests on their significant contribution in aggregate employment. This study has attempted to contribute to the literature by analysing youth employment in Tanzania through investigating factors that can leverage more youth uptake in tourism activities, given the huge employment potential that is associated with the sector. The study has focused on micro, small and medium enterprises that produce goods or services, such as accommodation, food and beverage, transportation and travel services, retailing to tourists, cultural and aesthetic tourism.

4. Methodology

4.1 Data

The study used primary data, which were collected through a personal interview survey that was conducted between September and November 2018 in the regions of Dar es Salaam, Arusha, Kilimanjaro, Manyara, Iringa and Coast for Mainland Tanzania and Zanzibar. The main survey was preceded by a pre-testing of instrument in July 2018 in Bagamoyo in the Coast region. The instrument for the survey involved a semi-structured questionnaire with questions intended to provide answers to the set objectives. The questions were related to direct tourism employment only and could be answered by either the business managers or the owners of businesses.

4.2 Sampling and Location

The study plans involved sampling of regions for the main survey. To achieve this, a list of tourism enterprises from Mainland Tanzania was drawn from the National Bureau of Statistics (NBS); for Zanzibar, it was drawn from the Office of Chief Government Statistician (OCGS, Zanzibar). The unit of analysis was either micro,

small or medium enterprise. The guiding business classification categories is as provided by the Tanzania Small and Medium Enterprise Development Policy 2002, which is summarized in Table 2.

Table 2: Tanzania’s Categorization of Business Size

Business size	Number of Employees	Capital investment in Machinery (TZS)
Micro enterprise	1 to 4	Up to 5 million
Small enterprise	5 to 49	Above 5 to 200 million
Medium enterprise	50 to 99	Above 200 to 800 million

Source: MIT & FSDT 2012

Given the list of enterprises from the national offices of statistics, the sample of regions was worked out, which for Mainland Tanzania was based on the proportion of the population of tourism firms in each region. For Zanzibar, a different proportion was worked out to ensure sufficient coverage of enterprises, given the importance of the tourism sector in Zanzibar. Stratified random sampling was then applied to compute the proportions per activity for each region to ensure representation of all main tourism activities. This approach reduces the model dependence and selection bias by ensuring equal probability of inclusion of enterprises in the sample. The choice of the regions was based on their comparative advantage, that is, being endowed with natural and cultural tourist attractions. As such, they are the regions with a high concentration of tourism activities in the country; hence, they entail a higher chance for the establishment of various enterprises that deal with tourism

Data were collected electronically using Open Data Kit (ODK) as a platform to enable checking of survey administration errors. In total, the survey covered 445 businesses whose regional distribution is given in Table 3.

Table 3: Overview of Sampled Enterprises

Region	Arusha	Dar es Salaam	Iringa	Kilimanjaro	Manyara	Coast	Zanzibar
Population	698	549	269	323	156	211	537
Sample	112	73	33	46	24	24	133
%	25.2	16.4	7.4	10.3	5.4	5.4	29.9

Source: Survey Data

4.3 Empirical Model

Both quantitative and qualitative approaches were used to analyse the collected information. While qualitative technique is based on exploratory method, quantitative approaches include the use of descriptive statistics leading to observing and comparing percentages; measures of central tendency values, such as mean and median; and measures of variation such as the standard deviation. Firstly, descriptive statistics information presented the extent of youth employment in the sector, including self and paid employees. Secondly, a description of dependent and all independent variables was presented for the

purpose of providing insights into the regression results. The regression analysis aimed at establishing factors that influence youth staffing levels in enterprises. The dependent variable of the regression model is the number of youth employed in each enterprise and the independent variables included a set of owner and enterprise characteristics.

The empirical model is given as:

$$YS_i = \beta_0 + \sum_{h=1}^3 \beta_{hp} X_{hp} + \sum_{j=1}^{13} \beta_{jq} X_{jq} + \varepsilon_i \quad (1)$$

where;

i stands for enterprise, YS is a dependent variable for number of youth staff, β_0 is a constant term, β_p is a set of parameters associated with independent variables (X_p) for enterprise owner characteristics, β_q is a set of parameters associated with independent variables (X_q) for enterprise characteristics and ε is the error term.

Other variables were included as controls in order to improve the precision of the results. Table 4.gives a description of all the used variables.

Table 4: Description of Model Variables

Variable Denotation	Variable Name	Variable Description and Measurement	Hypothesis (Expected sign)
Outcome Variable			
YS	Youth staffing	Number of youth employees per enterprise (natural log)	
Owner Characteristics			
X_{1p}	Age	Number of years from birth (natural log)	+
X_{2p}	Sex	0=female, 1=male	+
X_{3p}	Owner have specialized training in tourism	0=no; 1=yes	+
Enterprise Characteristics			
X_{1q}	Location of business	0=rural; 1=urban	+
X_{2q}	Business size	Micro (reference) small or medium	+
X_{3q}	Enterprise age	Old (10+ years - reference), young (5 to 10 years), infant (<5 years)	+/-
X_{4q}	Business sector	Accommodation (reference), food & beverage, travel services, others	+/-
X_{5q}	Source of start-up capital	personal savings/income (reference); family/friends; financial institutions; others	+/-
X_{6q}	Business status	0=informal; 1=formal	+

X_{7a}	Employees contracts	0=no; 1=yes	+
X_{8a}	Internship/apprenticeship offer	0=no; 1=yes	+
X_{9a}	Voluntary staff placement offer	0=no; 1=yes	+
X_{10a}	In-house/on-job training offer	0=no; 1=yes	+
X_{11a}	Recruitment channel	0=networking; 1=open access	+
X_{12a}	Average income per year	Up to 5M (reference category), Above 5M – 10M, Above 10M-50M, Above 50M	+
X_{13a}	Customers per year	Average number of customers served per year (natural log)	+

5. Results and Discussion

5.1 Profile of Surveyed Enterprises

The survey covered enterprises in different activities within the tourism sector. The results show that most of the enterprises in the tourism sector in Tanzania are micro and small businesses, as most of the sampled enterprises were small in scale (57.5%) followed by micro (30.1%) and medium (12.4%) (Table 5). These findings are consistent with MIT and FSDT (2012), which found that about 97 percent of all surveyed enterprises were micro and small in scale. As well, the findings reflect the structure of most enterprises in Africa, whereby most of them are small (Rankin et al., 2006). Within the tourism sector, the mostly supplied services are food, beverage and accommodation. Food and beverage services constituted about 40 percent of all sampled activities followed by accommodation, which constituted 29 percent. These services constitute the largest proportion of all the services because they fall among the necessities of life and are therefore in great demand.

Table 5: Summary of Sampled Tourism Enterprises

Activity	Enterprise			
	Micro	Small	Medium	Total
Accommodation	17	84	28	129
Food & Beverage	78	87	12	177
Travel services	8	38	9	55
Transportation	3	11	2	16
Attractions/Culture/Sports	10	7	2	19
Direct retailers to tourists	18	25	1	44
Others	-	4	1	5
Total	134	256	55	445
%	30.1	57.5	12.4	100

Source: Survey Data

5.2 Youth Self and Paid Employment in Tourism

Youth employment included self-employment or paid employment. This section gives an overview information on the extent of youth self and paid employment for the surveyed enterprises.

5.2.1 Youth Self Employment

Enabling youths to establish enterprises or employ themselves facilitates youth employment. Ownership of enterprises between youth and adults was found to vary greatly. Adults were found to own a large proportion of enterprises (78 percent). Most of the enterprises owned by youths were in food and beverages (47.4%), followed by direct retailing to tourists (18.6%) (Figure 1) and were largely of micro (53.6%) and small (42.3%) in scale.

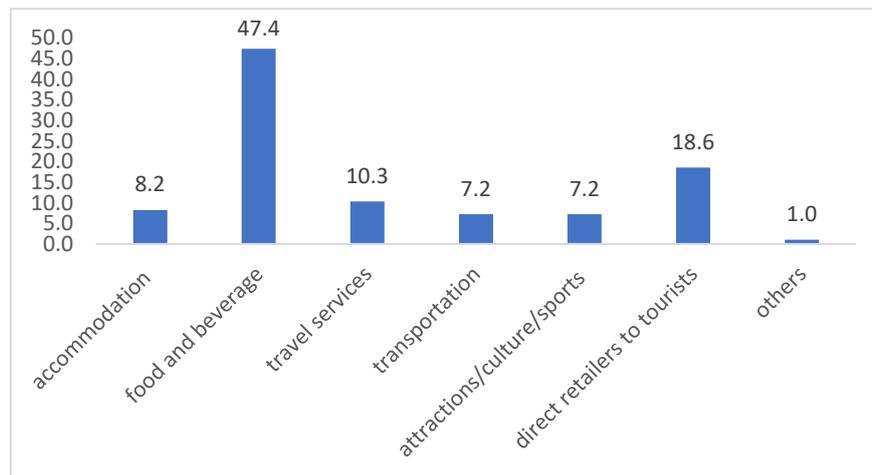


Figure 1: Percentage Distribution of Youth-owned Enterprises

Source: Survey Data

The study found that the youth could increase their share of business ownership in tourism, by owning enterprises in other categories of tourism activities apart from food and beverage and retail businesses and even of medium scale. The key bottleneck to youth entrepreneurial initiatives was the access of funds to establish such enterprises. This bottleneck is evident from examining the sources of start-up capital for various surveyed enterprises. Most of the owners (about 65 percent) relied on personal accumulation of income saved over a certain period or borrowing from informal sources, for example, from relatives and friends (17 %). However, with personal savings, it takes a significant period to accumulate sufficient capital for starting an enterprise. Because youths are new entrants in the labour market, they are very unlikely to have accumulated capital to start their own enterprises. Thus, they can afford to invest in micro enterprises. Moreover, personal savings and borrowing from informal sources are limited to small loans and are highly unreliable. Since youths are more innovative than adults are, it is economical to support them to establish enterprises. They are constrained to borrow from formal financial institutions such as commercial banks and microfinances due to high interest rates and collateral requirements (Magembe, 2017). In addition, at youthful age, it may be difficult to own fixed assets that can be used as collateral to solicit for a loan, as required by financial institutions.

5.2.2 Youth Paid Employment

Distribution of employment in the tourism sector by age and gender shows some disparities. As shown in Figure 2, the description of the results by age shows that tourism enterprises employ more youth than they employ adults. In addition, the proportion of male youth employees is directly proportional to the business size, whereas the opposite is the case for female youth. However, most of the micro and small enterprises employ more women than men, whereas medium enterprises employ more men than women (Figure 2). Youth employees are more preferred to adult workers because of being more active.

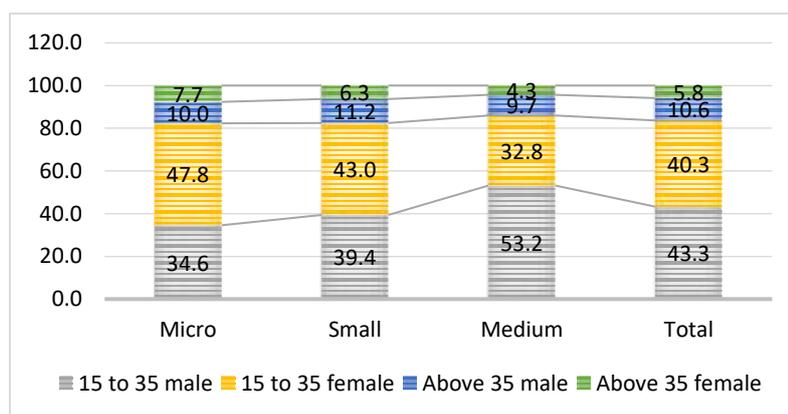


Figure 2: Percentage Distribution of MSMEs Employees by Age and Sex

Source: Survey Data

Furthermore, the descriptive statistics show that tourism enterprises employ more men than female youths by type of activity (Table 6). The reason for the difference is probably related to cultural and moral misconceptions, whereby women, especially married ones or aspirants, may be restricted to undertake such activities.

Table 6: Percentage Distribution of Male and Female Youth Employees by Activity

	Male	Female	Total
Accommodation	55.3	44.7	37.2
Food and beverage	40.4	59.6	36.6
Travel services	74.5	25.5	10.9
Transportation	73.8	26.2	2.9
Attractions/culture/sports	91.2	8.8	2.3
Direct retailers to tourists	63.2	36.8	9.1
Others	11.8	88.2	1.0
Total	53.7	46.3	100

Source: Survey Data

While men are overrepresented in all other types of activities, women are mostly employed in food and beverages, and other activities, such as spas. In most of SSA,

the gender difference in employment is mainly based on the nature of activity, with the difference emanating from culturally and socially constructed roles in these societies. Specifically, based on gender stereotypes some societies perceive some roles such as cooking and serving food and beverage services as being more female-oriented, given the high level of customer service skills that they possess. Moreover, spa services, which include offering health and beauty treatment to tourists is to a large extent performed by women.

Male youths on the other hand are dominant in travel services, such as wildlife and mountain tour guide, porters, tent crews and driving, among other services, because they are considered to be energetic, capable of enduring work hardships and show higher level of work seriousness and determination compared to female employees. The demand for energetic workers is in line with the findings that most youths are employed to carry out operation or production activities that are largely manual (Figure 3). These are the lowest paid among the lines of industry services, whereas adults dominate the administrative roles, such as managerial and supervision.

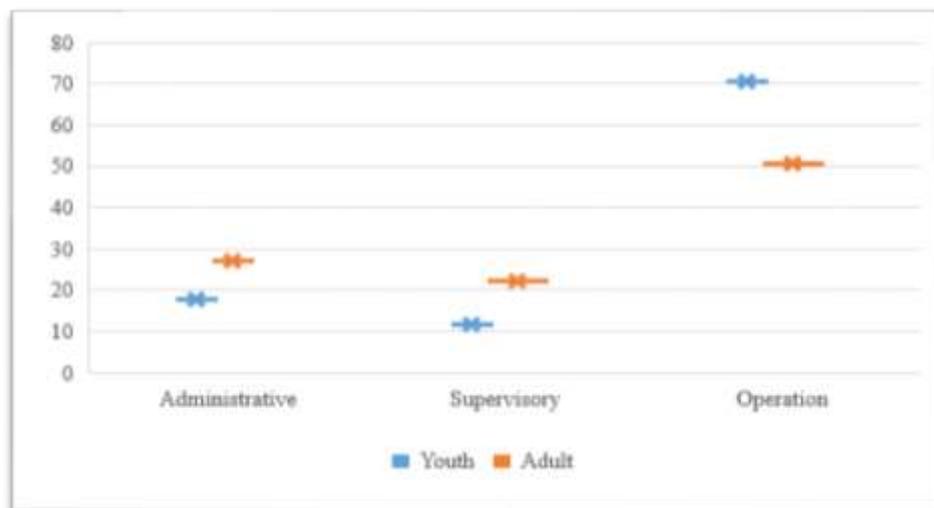


Figure 3: Percentage Distribution of Youth Employees by Line of Service

Source: Survey Data

5.3 Regression Analysis

5.3.1 Descriptive Statistics of Model Variables

Before running a regression analysis, the study examined the descriptive statistics of all the variables used in the estimation of the empirical model. Table 7 gives aggregate mean, standard deviation, maximum and minimum values of the variables of the model.

The mean value of the number of youth employees per enterprise is five (5), with other enterprises, mostly small and micro having no single youth worker. As explained in the preceding section, very few youths own enterprises as the average

age of enterprise owners is 46 years. Distribution of enterprise ownership by sex shows that males own about 73 percent of all the enterprises. Women owners are few and mostly concentrated in small enterprises (57%) while the ownership in the micro and medium enterprises are 35% and 7%, respectively. The results further show that for ownership of an enterprise in the tourism sector, specialized training is not an important determining factor, as more than three quarters of the owners had no specialized training in tourism. Most of the businesses are in urban areas, possibly due to availability of infrastructure, such as roads, water, electricity, communication and other business enabling networks. Most of the surveyed enterprises were either infant (<5 years) or old (10 years and above) comprising 38 percent each, whereas the young enterprises aged between 5 and 10 years constituted 24 percent of the entire sample. The newest enterprise has only been in operation for 1 year, whereas the oldest has been in operation for 70 years.

Despite most of the enterprises (about 82 percent) being formal, only 24 percent of all the surveyed enterprises had formal written contracts with their employees. This shows that most enterprises enter into oral contracts with their employees. These findings are similar to MIT and FSĐT (2012), which found that most of the employees in service sector have no contracts. In addition, the level of informality corresponds with the smallness of enterprises. While all medium enterprises were formalized, about 89 percent and 61 percent of small and micro enterprises, respectively, were formalized.

Table 7: Summary Statistics of Model Variables

Variable	Mean	Std. Deviation	Min	Max
Youth staffing (Outcome Variable)	5.31	11.30	0	150
Age	46.27	12.71	19	85
Sex, _male =1	0.73	0.45	0	1
Owner have specialized training in tourism	0.21	0.41	0	1
Location of business _urban =1	0.80	0.40	0	1
Businesssize _micro	0.30	0.46	0	1
Businesssize _small	0.58	0.49	0	1
Businesssize _medium	0.12	0.33	0	1
Enterprise age _infant(<5 years)	0.38	0.48	0	1
Enterprise age _young(5 to 10 years)	0.24	0.43	0	1
Enterprise age _old(10+ years)	0.38	0.49	0	1
Business sector _accommodation	0.29	0.45	0	1
Business sector _food& beverage	0.40	0.49	0	1
Business sector _travel services	0.12	0.33	0	1
Business sector _others	0.19	0.39	0	1
Source of start-up capital _personal savings	0.65	0.48	0	1
Source of start-up capital _family/friends	0.17	0.38	0	1
Source of start-up capital _financial institutions	0.14	0.35	0	1
Source of start-up capital _others	0.03	0.17	0	1
Business status _formal	0.82	0.39	0	1
Employment contracts	0.24	0.43	0	1

Internship/apprenticeship offer	0.14	0.35	0	1
Voluntary staff placement offer	0.08	0.27	0	1
On-job training offer	0.46	0.50	0	1
Recruitment channel_open access adverts	0.26	0.44	0	1
Average income per year_up to 5M	0.23	0.42	0	1
Average income per year_above 5M-10M	0.23	0.42	0	1
Average income per year_above 10M-50M	0.38	0.49	0	1
Average income per year_above 50M	0.16	0.36	0	1
Average customers per year(ln)	7.36	1.57	3	15.42

Source: Survey Data

Although mastery of practical experience is one of the foremost criteria that employers in the tourism sector consider for recruitment (Anderson, 2015), very few enterprises offer avenues for practical trainings, such as internship, apprenticeship and voluntary staff placement due to lack of adequate office space to accommodate interns/apprentices or deterioration of volunteerism spirit among youths (URT, 2007). In addition, although human resource development at workplace enhances productivity, only less than half (46%) of surveyed employers offer on-the-job training to their employees.

Most youth tend to have poor access to information on available employment opportunities, as evidenced from the way enterprises recruit their staff. Most of them (74 percent) use networking to recruit their staff. Most enterprises have an average income per year ranging between TZS 10 million and TZS 50 million. The income earnings depend on the number of customers served, among other factors. The average natural log of customers that an enterprise attend to per year is 7.36. This number was found to be mostly influenced by the dominance of accommodation and food and beverage activities that involve a large number of customers per day.

5.3.2 Empirical Model Estimation Results

A simple Ordinary Least Square (OLS) model for youth staffing level was estimated to establish factors that are significant in creating employment of youth among tourism enterprises. The model was estimated with all continuous variables expressed in the natural logarithm form to scale down the outliers, since the variables were observed to exhibit a wide range in the descriptive statistics section. The results are presented in Table 8.

Table 8: Regression Analysis Results

Variable	Coefficient	Robust Std. Err.	t-Values	P-Values
Age(ln)	0.39088657**	0.1496248	2.61	0.009
Sex_male	0.16363219*	0.0811807	2.02	0.045
Owner specialized training in tourism	-0.0595503	0.1173144	-0.51	0.612
Location of business_urban	-0.0612256	0.0913812	-0.67	0.503
Business size_small	0.29725005**	0.1052243	2.82	0.005
Business size_medium	0.66447346***	0.1880401	3.53	0.000

Enterprise age_infant (<5 years)	0.15489162	0.0955235	1.62	0.106
Enterprise age_young (5 to 10 years)	0.2546665*	0.1029095	2.47	0.014
Business sector_food & beverage	0.34354793***	0.0962498	3.57	0.000
Business sector_travel services	-0.0706523	0.1590376	-0.44	0.657
Business sector_others	-0.0543950	0.1371415	-0.40	0.692
Access Capital_family/friends	-0.0840748	0.0934090	-0.90	0.369
Access Capital_financial institutions	0.42451235**	0.1309940	3.24	0.001
Access Capital_others	0.23979780	0.2875117	0.83	0.405
Business status	0.14243551	0.0926583	1.54	0.125
Employees contracts	0.29327721*	0.1237430	2.37	0.018
Internship/apprenticeship offer	0.16705200	0.1338179	1.25	0.213
Voluntary staff placement offer	0.32035414	0.2278263	1.41	0.161
In-house/on-job training offer	0.11382448	0.0883620	1.29	0.198
Recruitment channel_open access adverts	0.21845069*	0.0940324	2.32	0.021
Average income per year_above 5M-10M	0.16544293	0.1119613	1.48	0.140
Average income per year_above 10M-50M	0.16258347	0.1209458	1.34	0.180
Average income per year_above 50M	0.41752882*	0.1648174	2.53	0.012
Average customers per year(ln)	0.07861771**	0.0293636	2.68	0.008

Note: * p<0.05; ** p<0.01; *** p<0.001

The results show that two variables pertaining to owner characteristics were statistically significant. These are age and sex of enterprise owners. The elasticity of demand for youth employees with respect to owner's age is 0.39. This value is positive, which means that the older the enterprise owner is, the higher are the youth staffing levels. The reason why the elasticity of demand is positive could be that capital formation for most tourism businesses is dependent on personal savings, which increases with age. Thus, in adult ages, the owner's capital is more likely to have increased substantially to establish a small or even a medium enterprise, which would be associated with employing more workers. Male-owned enterprises are also associated with employing more youths, probably because men own most of the businesses, especially small and medium. However, the variable of owner's possession of specialized training in tourism was not statistically significant.

Several enterprise characteristics were found to be statistically significant in influencing the level of youth employment in various enterprises. As it was expected, small and medium enterprises are associated with employing more youths relative to micro businesses. The number of employees is one of the criteria that is used to classify businesses according to size apart from capital invested. The findings therefore mean that as businesses grow in terms of capital investment, they tend to employ additional workers, most of them being youths. The period in which an enterprise has been in operation as measured by the number of years significantly influences youth staffing levels. Young enterprises (ages 5 to 10 years) employ more youths relative to infant (below 5 years) and old (above 10 years) enterprises. This result may be accounted to young enterprises having a higher growth rate relative to old ones. In addition, since the likelihood of shrinkage and extinction among young enterprises is lower than for infant ones, as they can access capital for expansion from financial institutions, it makes them capable of employing more workers.

The demand for youth workers depends on the nature of activity within the tourism sector. That is, some activities attract a large number of workers relative to others. Food and beverage activities are associated with employing more youth workers relative to accommodation. Such activities are not seasonal, as demand by local people is high. This high demand implies that enterprises tend to serve a large number of customers per day, thus requiring more workers. On the other hand, travel services and others are seasonal and therefore tend to employ relatively less youth workers. The low season implies that the number of tourists is small; hence, cash inflows to businesses is also low, which make it difficult to retain many workers.

The success and performance of any business depends partly on the availability of adequate financing, in addition to good management. The regression results showed that businesses that source their capital from formal financial institutions tend to perform better in terms of youth staffing levels relative to enterprises that raise capital from informal sources, such as personal income savings, borrowing from friends and/or relatives and individual lenders within the community. Borrowing from formal financial institutions is associated with access to a larger amount of loans that have greater impact in boosting business growth and performance. In addition, the loan conditionality motivates the borrower to work harder to be able to repay the loan, unlike borrowers from informal sources, whereby in most cases no contract documents are involved. Borrowing dependence on informal sources can be caused by an enterprise not meeting requirements of formal financial institutions, such as not having collateral, particularly tangible immovable assets or due to prevalence of high interest rates (Magembe, 2017). Unlike formal sources, the amount that is borrowed from informal sources is small and not reliable. In addition, there is a high chance that borrowers may interfere with making important decisions in the business as a way of safeguarding loan repayment that can end up infringing on its performance.

Achieving and maintaining employment standards such as formal employees' contract by tourism businesses enhance youth employment in the sector. This maintenance of standards follows from the finding that youths staffing is higher among enterprises that maintain formal written contracts with employees, unlike the enterprises that keep their employees' contracts in oral or verbal form. Provision of formal employment contracts ensures that workers' rights are safeguarded and respected and can be legally claimed in case of violation, which provides decent working atmosphere to employees.

Enterprises channel or practice of staff recruitment influences youth employment levels. Employers that make employment advertisements open to public tend to perform better in terms of youth staffing relative to those that apply networking. Public open employment opportunities are non-discriminatory. When employment opportunity reaches a large number of potential applicants, including the youth, it makes the post competitive, with a higher chance for youths to be offered employment, given their productive capacity and work adaptability endowments.

Thus, the non-networking employment practices tend to favour youths. Therefore, to get the best employees, employers should promote the spirit of equality in employment opportunities and avoid any form of discrimination as per the Tanzania Employment and Labour Relations Act of 2004 (URT, 2004).

Business performance in terms of generating adequate turnover is significant in influencing youth uptake in employment. Generation of sufficient cash inflows enables the growth and expansion of enterprise and gives it power to recruit, retain and pay its employees. However, growth and expansion of enterprises are partly dependent on the government's pivotal role of providing an enabling environment for business operation. Difficulties in generating adequate income lead to shrinkage and ultimately retrenchment of workers because it becomes difficult for a business to maintain and pay them. The findings further demonstrate that demand for tourism workers is a derived demand. In this regard, the findings show a statistically significant elasticity of youth employment with respect to customers of 0.08 at 1 percent level, which means that workers are demanded due to demand for goods and services. Therefore, an increase in the number of customers would lead to an increase in the demand for more workers.

Although not statistically significant, the positive relationship between youth staffing and business status means that business formalization or integration into the formal sector enhances enterprises' youth staffing levels. This is because formalized businesses have several benefits, such as better access to external credits or loans, markets and business development services (ILO 2017). Registered businesses have better access to external finances because they have lower default risk. In addition, access to markets can result from business partnerships with large and foreign tourism enterprises. Furthermore, information on registered businesses by locality enables the government to plan for the provision of business development services, such as infrastructure and social amenities. These intermediary outcomes may lead to more and better jobs. Other variables were not statistically significant, including internship, apprenticeship, voluntary staff placement offers and location of business.

6. Concluding Remarks

Globally there is increased recognition of the role of tourism in fostering sustainable development. Its importance, among others, is to create employment especially for vulnerable groups, such as youth and women. The UNWTO and ILO (2014) acknowledge tourism as the largest world job creator capable of offering fast entry into the workforce with varying education and experience levels.

Tanzania, as part of the global economy, has experienced consistent growth of tourism over the past decade due to increased inflow of international tourists and increased investment in the sector by both the government and the private enterprises. These factors have led to increased demand for tourism goods and services. However, the growth in tourism seem to have not been inclusive, as it has

not reduced the unemployment, especially of youth, who comprise the largest proportion of the domestic labour market. Access to employment, especially in MSMEs promotes youth development. Given the employment potential that tourism offers, the study examined the factors that could influence increased youth employment in the tourism enterprises.

The analysis of survey data pertaining to 445 enterprises found that in general, the sector employs more wage youths relative to adults, with more males than females. Moreover, adults own majority of businesses in the sector. The regression results provided several levers that the government can use to enhance youths' intake in the sector through supporting private enterprises. The levers entail increasing access to services needed by enterprises for survival and growth of existing ones and start-ups.

Firstly, is to enhance tourism enterprises' access to viable financing sources, including facilitating borrowing from formal financial sources, which will enable enterprises to expand and employ more workers. Although several barriers impede borrowing, the government can intervene through, for example, providing a special basket in commercial banks and microfinance institutions for micro, small and medium enterprises to access loans with less stringent requirements. The access to such subsidized loans should be for both existing and new entrepreneurs aspiring to venture in tourism business.

Secondly, employers in the tourism sector should be encouraged to promote equality with regard to employment opportunities by ensuring that employment recruitment channels are non-discriminatory. This encouragement means that they should provide information about any job opportunity to a large number of potential youth applicants so that the post would be filled competitively. The use of networking in offering employment in most cases favours adult employees' relatives and friends, which reduce the chance for some qualifying to be hired.

Thirdly, tourism enterprises should comply with offering formal employment contracts to their workers. Formal written contracts as part of employment standards provide a safe working environment for workers in terms of safeguarding their rights upon violation.

Lastly, the government nurturing of enterprises for improved performance facilitates generation of adequate income to cover operational costs, including retaining and paying their employees and the undertaking of re-investment for expansion, leading to increased employment opportunities. Income generation however is dependent on the availability of customers; hence, stakeholders in tourism should continue with efforts geared at promoting and marketing of the country's tourist attractions.

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