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## Are We on Track in Harnessing the Demographic Dividend? The Status of Youth Employment in Swaziland



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**Bongani Robert Dlamini\*<sup>1</sup>, Vikinduku M. Dlamini<sup>2</sup>,  
Nombulelo M. Nkonyeni<sup>3</sup>, Nonhlanhla Lang<sup>4</sup>,  
Margaret Thwala-Tembe<sup>5</sup>, Sakhile N. Nsingwane<sup>6</sup>**

<sup>1</sup>*Program Specialist-SRH, HIV & Youth, United Nations  
Population Fund-Swaziland Country Office, Mbabane,  
Swaziland*

<sup>2</sup>*Officer, Youth Enterprise Fund,*

<sup>3</sup>*Health Officer, SNYC,*

<sup>4</sup>*Officer, Youth Enterprise Fund,*

<sup>5</sup>*Head of Programs, UNFPA-Eswatini,*

<sup>6</sup>*United Nations Volunteers- Youth Analyst*

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### ABSTRACT

**Background:** Swaziland has a relatively young population with 39.6% under the age of 15 years and 52% younger than 20 years. Youth in Swaziland – as in many other parts of Africa – are striving to achieve economic independence and find their identity in the context of weakening family and community structures as well as an educational system that does not always equip them with skills demanded in the global economy. Swaziland's unemployment rate is among the highest in sub-Saharan Africa, standing at 22.5% for the overall workforce, and at 42.4% among the ages 15-24 years old, as of 2013. The aim of the assessment was to portray the youth unemployment in light of the demographic dividend.

**Methods:** The status of the youth employment in Eswatini was prepared in stages: desk review and analysis, consultations/interview meetings with key stakeholders, data analysis and compilation of the report. **Results:** There are a plethora of policies intended to address issues of poverty and employment. **Conclusion:** The level of unemployment and poverty affecting Swaziland's youth is startling. The Kingdom of Eswatini, should urgently explore the development of programs designed to employ or promote entrepreneurship among the youth.

## INTRODUCTION

### **National Youth Policy, 2009: Unemployment and Poverty Objectives:**

**Places emphasis on projects that employ young people's skills in productive activities as well as enhance skills**

Youth in Swaziland – as in many other parts of Africa – are striving to achieve economic independence and find their identity in the context of weakening family and community structures as well as an educational system that does not always equip them with skills demanded in the global economy (1). Swaziland's unemployment rate is among the highest in sub-Saharan Africa, standing at 22.5% for the overall workforce, and at 42.4% among the ages 15-24 years old, as of 2013 (2). Poverty levels are also startlingly high, with 63% of the country living below the poverty line (3).

There are a plethora of policies intended to address issues of poverty and employment. Swaziland's primary development framework of Vision 2022, implemented in part through the Poverty Reduction Strategy and Action Plan (PRSAP) and the National Development Strategy aim to reduce poverty, create employment, promote gender equality, and improve overall quality of life (4). The PRSAP, specifically, targeted a total eradication of poverty by 2022. Both strategies place youth employment as a key pillar of economic growth and poverty reduction. The National Youth Policy calls for investing in an educational curriculum that is responsive to the needs of the labour market, expanding public works and infrastructure to provide youth with work, investing in technical and vocational education (TVET) (4). Additionally, the Small and Medium Enterprise (SME) Development Policy aims to encourage youth entrepreneurship by providing training, stimulating lending, and providing support to individuals wishing to establish businesses. In 2008, The National Youth Enterprise Fund was established to provide young people with subsidized loans to enable them to start their own businesses. Swaziland also ratified the African Youth Charter in 2013, which clearly emphasizes the need to invest in youth employment, livelihoods, and skills development.

Despite the high number of policies attended to address the issue, given the bleak statistics surrounding youth, employment, unemployment, and poverty, it appears that many, if not

most, of the above policies, have not been implemented effectively enough to achieve desirable outcomes. Youth poverty and unemployment remain high. Understanding whether this is due to a mismatch of the training youth receive to the needs of the labour market or as a result of Swaziland's macroeconomic policies that determine the absorptive capacity of the labour market would go far in formulating a clear strategy to mitigate the issue. The aim of this retrospective analysis is to provide a comprehensive situation of youth employment to ascertain the feasibility of the Kingdom of Eswatini to harness the demographic dividend.

## **METHODOLOGY**

This systematic analysis was prepared in stages. Desk Review and analysis involved collecting, analysing, and synthesizing documents. Specific attention was focused on key policies and assessment affecting the youth employment and initiatives in place to support progress therein. Data analysis and compilation of the report was accomplished by triangulating the information collected during the desk review. In addition, demographic and statistical analyses were conducted, mainly using secondary data sources such as the National Youth Policy, Swaziland Integrated Labour Force Survey of 2010 and 2013, the Multiple Indicator Cluster Survey (MICS) 2014 and various sector-specific regular surveillance and evaluation publications. Stakeholder's workshops took place in four forms to discuss and vet the State of the Youth Report.

## **RESULTS AND DISCUSSION**

### *Youth Employment and Unemployment*

Conventionally, a person is considered unemployed when he or she is actively seeking work and unable to find it. This definition of unemployment is considered strict. In countries such as Eswatini, there are a high number of individuals who wish to work but have given up on seeking employment, likely due to a belief that there is no employment available to them. This is often the result of a prolonged and fruitless job search. This phenomenon is referred to as 'discouraged workers.' Counting discouraged workers as part of the unemployed labour force better captures the situation of the labour market. The below figure illustrates both the proportion of the population that are seeking work and unable to find it (strict), but also those who would like to work but have given up on seeking a job (relaxed).



**Figure 1 Youth Unemployment, strict and relaxed definition**

*Source: Swaziland Integrated Labour Force Survey 2010*

Figure 1 demonstrates that youth tend to be unemployed in larger proportions than the general population, regardless of definition. It also demonstrates that significant numbers of young people have given up searching for employment, which indicates a worrisome situation. Employment is a challenge across the board for youth in Swaziland. However, young women and rural inhabitants face a starker situation. While employment increased slightly for 15-24 year olds in urban areas between 2007 and 2010, the gap in employment widened for women overall more so than men, and unemployment increased by 15% in rural areas (5).

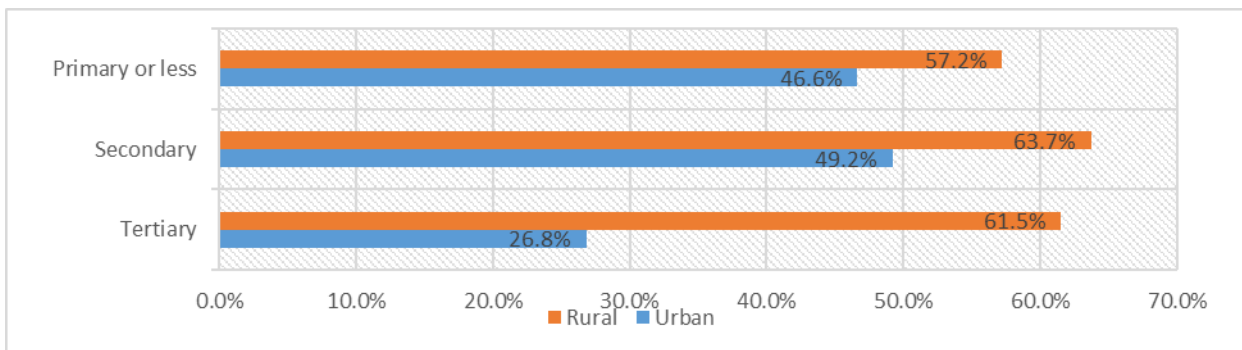
Youth in Swaziland have faced employment challenges for a number of years. The proportion of young people available and seeking work but unable to find it has remained essentially stagnant for a decade, which is likely a strong contributor to the phenomenon of discouragement among young workers. Figure 2 provides the youth unemployment trend.



**Figure 2 Trends in Youth Unemployment, 2004-2013**

Source: World Bank Cross Country Database, Swaziland Country Profile 2012

Unemployment tends to disproportionately affect the less educated. This is generally true of the urban youth population, but in rural areas in Swaziland, increased education is not a buffer for youth facing a weak labour market, and a young person with tertiary education is actually more likely to be unemployed than one with primary or less (5). Employers in the country have indicated that there are major challenges with employing young people, primarily relating to a lack of computer literacy and appropriate technical skills, further emphasizing a lack of alignment between the available education and training and the available jobs (4). In addition, a study conducted by UNDP and UNFPA in 2013 found that those youth who do manage to find employment are significantly more likely (75%) than older workers (48%) to hold insecure jobs, without a contract or protection against the increased risks associated with age (6). Figure 3 highlights the youth unemployment by education attainment.



**Figure 3 Unemployed Youth by Education Level**

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*Source: Swaziland Integrated Labour Force Survey 2010*

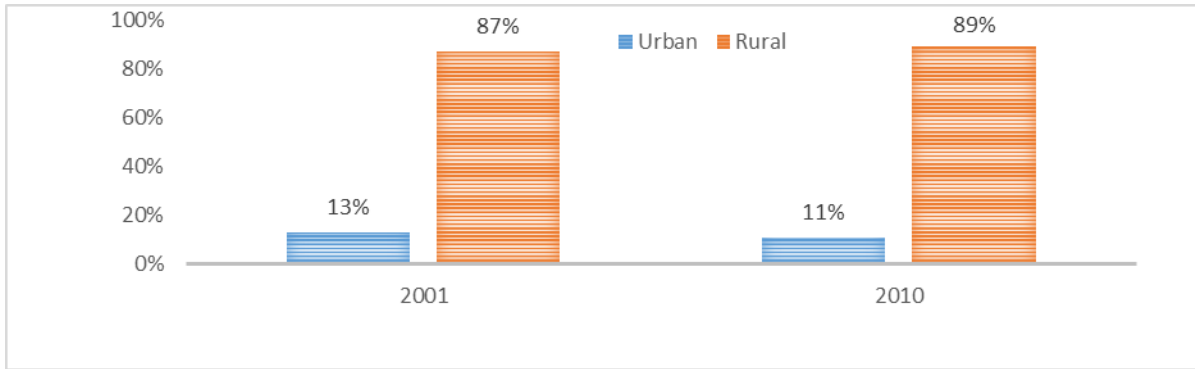
#### *Youth and business startup*

While young people are encouraged to start their own businesses, as indicated by the SME policy and the YERF, the environment surrounding the creation of a business in Swaziland is quite challenging. In a country with a poverty rate above 60%, the purchasing power in the market is weak. And, in a difficult market, the costs and time associated with starting a business in Swaziland are among the highest in the SADC region (6). Many youth report that they are unable to access capital from financial institutions and that despite being aware of government grant programmes, the criteria for eligibility were unclear and many young people did not understand how to create a business plan (4). Additional challenges cited were access to land and legal requirements, such as business registration and the acquisition of licenses (4).

The above picture is one of youth facing the compounding challenges of an unfriendly labour market, insufficient and/or inappropriate training, and a series of difficulties in pursuing independent business endeavours. The struggles of young people to sustain themselves in the labour market lead directly to financial instability, and the inability to earn money to meet financial needs and obligations. This inability can further lead to an increased susceptibility to a reduced self-esteem, increased pessimism about the future, and self-destructive behaviours such as alcohol and substance use.

#### *Youth and Poverty*

Despite being classified as a middle-income country, according to the 2010 Income and Expenditure Survey, 63% of the population in Swaziland live below the poverty line. Income and Expenditure data is collected at the household level, and therefore youth-specific data can be difficult to come by, but by examining a few household-level indicators may provide a reasonably clear picture of the effect of poverty on Swaziland's youth.

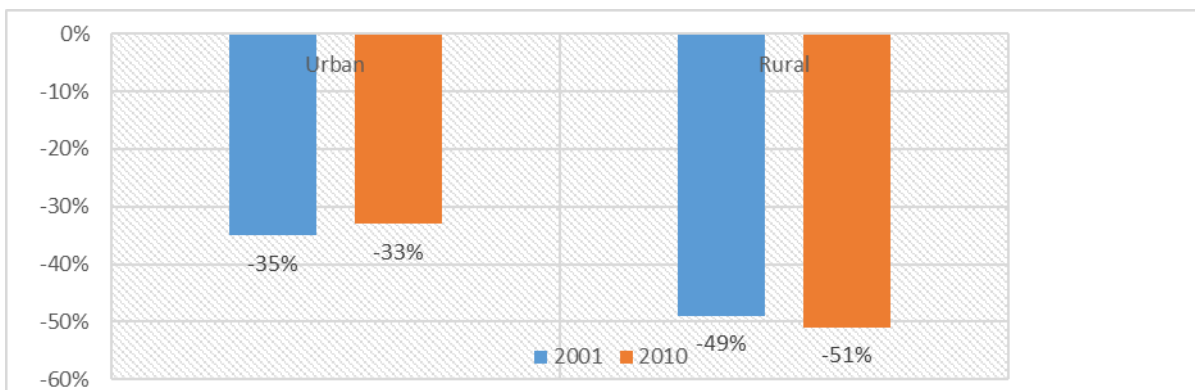


**Figure 4 Percentage of Urban and Rural Families below the Poverty Line**

Source: and Expenditure Survey Income 2010

As with employment, poverty affects the rural population to a greater and deeper extent than those living in urban areas. Figures 4 and 5 demonstrate the proportions living below the poverty line and the income gap. The income gap illustrates the average percentage below the poverty line at which families fall. What is worth noting is that not only are substantially more families living in poverty residing in rural areas – 89% of families below the poverty line lived in rural areas in 2010 – rural families are also living on significantly less, and the divide between rural and urban incomes has widened since 2001 (3).

Youth have indicated that there are some significant structural barriers to pulling themselves out of poverty. One, conventional financial mechanisms, and the banking system at large are relatively inaccessible to young people. Additionally, the traditional system that surrounds the allocation of Swazi nation land does not allow for most youth to benefit. Because land is only granted to married males under the *Konta* system, and marriage is becoming a choice that fewer and fewer Swazis make, access to land is a serious hindrance for the development of Swaziland’s youth.



**Figure 5 Rural and Urban Income Gap**

Source: *Income and Expenditure Survey 2010*

## CONCLUSIONS AND RECOMMENDATIONS

The high level of youth unemployment is a major concern for Eswatini if the country is to harness a demographic dividend, and if measures are not taken swiftly, the country will face the challenges associated with a growing and unemployed cadre of young people as the population bulge moves upward in the future.

Key recommendations for employment, unemployment, and poverty are below.

1. More effectively implement and accelerate strategies to reduce unemployment and underemployment, particularly for youth. As the majority of youth reside in rural areas, job creation programmes should focus on those areas.
2. Improve regulations in the labour market to ensure that minimum wage laws are enforced and to encourage participation of women in production-related employment.
3. Increase funding allocations for the YERF and provide additional training and capacity building programmes.

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