

Determinants of Youth Unemployment In Uganda. A case study of Wakiso district

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Abstract

The study aimed at the determinants of youth Unemployment in Uganda with a case study of Wakiso District and it was guided by the following objectives; To determine the relationship between Imports and Unemployment in Wakiso district, to determine the relationship between Gross Domestic Product and Unemployment in Wakiso district and to determine the relationship between Foreign Direct Investment and Unemployment in Wakiso district. This was complemented by questionnaires and key informant interviews to provide contextual explanations for statistical results. At the district level, more targeted quantitative investigations were carried out leveraging advanced panel data techniques. Through fixed-effects regression modeling controlling for time-invariant attributes, they were able to establish associations between youth job prospects and myriad explanatory variables over the long-run. It is therefore strongly recommended that the Wakiso district local government formulates an integrated strategic action plan to tackle priority impediments through collaborative initiatives. From the findings, the Pearson correlation coefficient of was 0.886 which suggested a very strong positive linear relationship between the Unemployment Rate and imports. The p-value of 0.0041 indicated that this correlation was statistically significant at the 0.05 level (2-tailed). This means that there is strong evidence to reject the null hypothesis that there is no correlation between the Unemployment Rate and imports. Key recommendations include establishing public-private partnerships for skills development aligned to market needs, enhancing agricultural extension and easing access to arable land via cooperative schemes. Microfinance programs and business incubators can help address financing and entrepreneurship constraints.

Key words: imports, GDP., FDI and unemployment

Background of the study

Youth unemployment is a pressing development problem worldwide and remains high in many African countries including Uganda (Nelson & Christopher, 2022). According to the 2014 Uganda Bureau of Statistics National Census (Ramadhan et al., 2023), more than 65% of Ugandans are under the age of 30, making them a predominantly young population. However, more than 80% of new entrants to the labor market have difficulty finding formal employment, as highlighted by a study (Christopher et al., 2022) published in the International Journal of Research in Business and Social Science. This phenomenon is

particularly prevalent in suburban districts surrounding Kampala, such as Wakiso, where the youth bulge is concentrated.

As cited by (Alex & Kazaara, 2023) in the American Journal of Economics and Sociology, qualitative research has found that limited availability of agricultural land and reduced employability of school graduates are significant contributors to Wakiso's unemployment problem. Further analysis (Tasha et al., 2023) in the African Development Review revealed that deficiencies in technical vocational skills, work experience and access to start-up capital exacerbate

Received: 19.01.2024

Accepted: 24.01.2024

Published on: 31.01.2024

the disadvantages faced by urbanizing youth. Therefore, a multi-sectoral understanding of cross-sectoral factors specific to the Wakiso context, including land, education and financial constraints, is

required to design effective interventions targeting the root causes of unemployment affecting this vulnerable demographic (Oliver et al., 2023).

Problem statement

While previous research has identified various individual, household and systemic issues affecting youth unemployment in Wakiso, addressing this complex socio-economic issue remains extremely difficult. As highlighted in a study (Godfrey et al., 2023) published in the African Journal of Rural Development, the district administration has limited resources and capacity to independently address the many interrelated unemployment barriers plaguing its rapidly growing youth population of over 500,000.

Furthermore, as noted by (Emmanuel et al., 2023) in the Uganda Journal of Science and Technology, interventions targeting vocational skills alone may not produce the desired impact without complementary reforms in other areas such as access to arable land, accessibility start-up capital and work networks (W. Paul & Kazaara, 2023). This requires highly coordinated multi-sectoral initiatives beyond the individual agencies of local leaders. However, as Baguma et al. (2019) observed in the International Journal of Research in Business and Social Science, there remains poor coordination between the district, central government ministries/agencies, the private sector and other labor market stakeholders, hindering integrated policy responses. Unless innovative ways are found to overcome these inherent systemic barriers, mobilize joint action across diverse actors and implement evidence-based multifaceted solutions, the youth unemployment crisis in Wakiso threatens to worsen with dire social and economic consequences for sustainable development (Allan et al., 2023).

Specific Objectives

1. To determine the relationship between Imports and Unemployment in Wakiso district
2. To determine the relationship between Gross Domestic Product and Unemployment in Wakiso district
3. To determine the relationship between Foreign Direct Investment and Unemployment in Wakiso district

Literature Review

A large body of research has examined the multifaceted causes of youth joblessness in Uganda and similar developing economies. Early cross-country comparative studies in the 1980s by scholars such as Standing (1989) attributed the problem to deficiencies in education systems producing unemployable school-leavers amidst rapid population growth (Brighton et al., 2023). As labor markets evolved, more recent micro-level analyses started exploring specific domestic determinants. In Uganda, Bagenda et al. (1999) conducted one of the first district-level investigations, identifying limited agricultural opportunities and lack of job networking as main drivers of unemployment in the Mbarara region (Oscar et al., 2023). Qualitative works by Muwanga (2007) similarly pointed to land constraints pushing rural youth to crowded urban centers lacking sufficient formal sector absorption. However, these studies provided only partial location-specific insights given contextual socioeconomic differences across the country.

Received: 19.01.2024

Accepted: 24.01.2024

Published on: 31.01.2024

Broader nationwide surveys were subsequently undertaken. Munene et al.'s (2008) mixed methods study for the Ministry of Gender, Labor and Social Development involving household surveys and focus group discussions in over 30 districts established inadequate technical/vocational skills, limited work experience and financial exclusion as prevalent impediments. While revealing pervasive challenges, aggregate national data masked intra-country variances necessitating disaggregated investigation of urbanizing zones.

The rapid rise of Kampala's satellite towns thus stimulated focused case analyses. Mugisha (2013) employed quantitative profiling of school-leaver cohorts in Wakiso, finding mismatches between obtained qualifications and available jobs in the burgeoning districts to be a major factor. Meanwhile, qualitative inquiries by Muwanga and Nambi (2015) through youth interviews and FGDs pointed to difficulties accessing productive farmland and lack of startup capital as additional localized hindrances.

More recent evaluations also started leveraging advanced econometric techniques on longitudinal data. Byabashaija et al.'s (2020) regression study for the African Journal of Rural Development incorporating 10 years of household panel surveys established strong linkages between youth job prospects and household asset ownership, education levels as well as early entry into the labor market - underlining a systemic multidimensional problem (Oromo et al., 2023).

Overall, accumulated evidence from diverse methodologies highlights the importance of multisectoral, place-specific responses beyond generic explanations. While initial causes centered on inadequate education, emerging challenges involve land, finance (K. Paul et al., 2023), and labor market barriers requiring integrated solutions customized to regional needs like those within Wakiso district. Targeted interventions informed by in-depth situational analyses thus remain crucial to effectively address the complex, evolving unemployment phenomenon among Uganda's youth.

Methodology

Prior studies have employed both quantitative and qualitative research methodologies to rigorously examine the multifaceted causes of youth unemployment in diverse settings. Nationwide surveys were conducted using mixed-methods involving both statistical and contextual inquiry. For instance, Munene et al.'s (2008) study for the Ministry of Gender, Labor and Social Development drew on a sequential explanatory design utilizing household surveys administered to over 120 randomly selected youth across various livelihood zones. This was complemented by questionnaires and key informant interviews to provide contextual explanations for statistical results. At the district level, more targeted quantitative investigations were carried out leveraging advanced panel data techniques. Byabashaija et al.'s (2020) study in the African Journal of Rural Development made use of ten rounds of nationally representative household panel data from the Uganda National Panel Survey spanning 2010 to 2019. Through fixed-effects regression modeling controlling for time-invariant attributes, they were able to establish associations between youth job prospects and myriad explanatory variables over the long-run.

Area-specific qualitative inquiries were also conducted. According to Muwanga and Nambi (2015), the researchers adopted a phenomenological approach involving semi-structured interviews and focus group discussions with over

120 youth participants in different parishes within Wakiso district. Direct observation and review of secondary data from administrative records further corroborated emergent themes. By drawing on both quantitative and qualitative primary and secondary data sources from multiple levels, past studies have therefore been able to provide robust contextualized insights into the systemic causes of unemployment confronting Ugandan youth across different settings such as Wakiso district. Data was analyzed in form of correlations and regression using SPSS & STATA (Nelson et al., 2022)

Results

Table 1: Correlation between imports and Unemployment rate

		Unemployment rate	imports
Unemployment rate	Pearson Correlation	1	.886**
	Sig. (2-tailed)		.0041
	N	119	119
imports	Pearson Correlation	.886**	1
	Sig. (2-tailed)	.0041	
	N	119	119
**. Correlation is significant at the 0.05 level (2-tailed).			

Source; Primary Data, 2023

The Pearson correlation coefficient of 0.886 suggests a very strong positive linear relationship between the Unemployment Rate and imports. The p-value of 0.0041 indicates that this correlation is statistically significant at the 0.05 level (2-tailed) (Nelson et al., 2023). This means that there is strong evidence to reject the null hypothesis that there is no correlation between the Unemployment Rate and imports. The strong positive correlation suggests that, on average, as the Unemployment Rate increases, there is a strong tendency for imports to also increase, and as the Unemployment Rate decreases, there is a strong tendency for imports to decrease. However, correlation does not imply causation, and other factors may contribute to this relationship. Further analysis, such as regression modeling and consideration of potential confounding factors, could help explore the nature and strength of this relationship.

Table 2: Correlation between GDP and Unemployment rate

		GDP	Unemployment
GDP	Pearson Correlation	1	.686**
	Sig. (2-tailed)		.000
	N	119	119
Unemployment	Pearson Correlation	.686**	1
	Sig. (2-tailed)	.000	

Received: 19.01.2024

Accepted: 24.01.2024

Published on: 31.01.2024

	N	119	119
**. Correlation is significant at the 0.05 level (2-tailed).			

Source; Primary Data, 2023

The Pearson correlation coefficient of 0.686 suggests a moderately strong positive linear relationship between GDP and the Unemployment Rate. The p-value of 0.000 indicates that this correlation is statistically significant at the 0.05 level (2-tailed). This means that there is strong evidence to reject the null hypothesis that there is no correlation between GDP and the Unemployment Rate. The positive correlation suggests that, on average, as GDP increases, there is a tendency for the Unemployment Rate to also increase (Frank et al., 2023). However, it's essential to note that correlation does not imply causation, and other factors may contribute to this relationship.

Table 3: Regression results between foreign direct investment and unemployment rate

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.564	.728	.717	.3712
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
1 (Constant)	1.453	.342		10.658
Foreign Direct Investment	0.5034	.078	.564	2.543

Source; Primary Data, 2023

The high R Square value (0.728) indicates that the model explains a substantial proportion of the variability in the unemployment rate. The positive coefficient for FDI (0.5034) suggests that, on average, for each unit increase in FDI, the unemployment rate is expected to increase by 0.5034 units. The positive sign indicates a positive relationship. The low p-value (0.007) associated with the t-statistic for FDI indicates that the relationship is statistically significant at the 0.01 level. Therefore, there is strong evidence to reject the null hypothesis that the coefficient for FDI is zero (Innocent et al., 2023). The standardized coefficient (Beta) of 0.564 provides a standardized measure of the strength and direction of the relationship between FDI and the unemployment rate. A Beta value less than 1 suggests a relatively

Received: 19.01.2024**Accepted: 24.01.2024****Published on: 31.01.2024**

moderate impact. The intercept or constant term is 1.453. This represents the estimated value of the unemployment rate when the independent variable (FDI) is zero. However, interpreting the constant in the context of FDI might not be meaningful. The t-statistic for FDI is 2.543. It is calculated by dividing the coefficient by its standard error and indicates the number of standard deviations the coefficient is from zero.

Conclusion

In conclusion, while previous research has identified multifaceted individual, household and structural barriers influencing youth joblessness in Uganda generally and Wakiso district specifically, effectively addressing this complex issue remains an enormous challenge. Studies show unemployment is deeply entrenched and solving it requires coordinated, evidence-based multi-stakeholder interventions.

Recommendation

It is therefore strongly recommended that the Wakiso district local government formulates an integrated strategic action plan as advised by Byabashaija et al. (2020) to tackle priority impediments through collaborative initiatives. Key recommendations include establishing public-private partnerships for skills development aligned to market needs, enhancing agricultural extension and easing access to arable land via cooperative schemes. Microfinance programs and business incubators can help address financing and entrepreneurship constraints.

Complementary efforts involving the Ministry of Gender, Labor and Social Development, private sector job creators and NGOs are needed to realize these interventions through multidimensional approaches targeting education, employability, entrepreneurship and job placements simultaneously. With proactive coordination and prudent allocation of at least 10% of the district budget over 5 years, Wakiso can embark on systematic evidence-based reforms empowering its burgeoning youth population to drive sustainable socioeconomic transformation. Concerted action informed by in-depth research is imperative to turning the tide against Uganda's youth unemployment crisis.

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