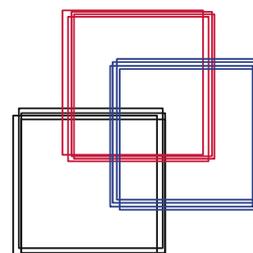


Labour market transitions of young women and men in Malawi

Richard Mussa

October 2013

2013/04
Youth Employment Programme
Employment Policy Department



Work4Youth Publication Series No. 4

Labour market transitions of young women and men in Malawi

Richard Mussa

International Labour Office • Geneva

October 2013

Copyright © International Labour Organization 2013
First published 2013

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to the Publications Bureau (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The International Labour Office welcomes such applications

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit www.ifro.org to find the reproduction rights organization in your country.

ILO Cataloguing in Publication Data

Mussa, Richard

Labour market transitions of young women and men in Malawi / Richard Mussa ; International Labour Office. - Geneva: ILO, 2013

Work4Youth publication series ; No.4

International Labour Office

transition from school to work / youth employment / employment creation / young worker / women workers / men workers / Malawi

06.02

Cover design by: Creative Cow

ISSN 2309-6780 (printed version)

ISSN 2309-6799 (web version)

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our website: www.ilo.org/publns

Printed by the International Labour Office, Geneva, Switzerland

Preface

Youth is a crucial time of life when young people start realizing their aspirations, assuming their economic independence and finding their place in society. The global jobs crisis has exacerbated the vulnerability of young people in terms of: i) higher unemployment, ii) lower quality of jobs for those who find work, iii) greater labour market inequalities among different groups of young people, iv) longer and more insecure school-to-work transitions, and v) increased detachment from the labour market.

In June 2012, the International Labour Conference of the ILO resolved to take urgent action to tackle the unprecedented youth employment crisis through a multi-pronged approach geared towards pro-employment growth and decent job creation. The resolution “The youth employment crisis: A call for action” contains a set of conclusions that constitute a blueprint for shaping national strategies for youth employment.¹ It calls for increased coherence of policies and action on youth employment across the multilateral system. In parallel, the UN Secretary-General highlighted youth as one of the five generational imperatives to be addressed through the mobilization of all the human, financial and political resources available to the United Nations. As part of this agenda, the United Nations has developed a System-wide Action Plan on Youth, with youth employment as one of the main priorities, to strengthen youth programmes across the UN system.

The ILO supports governments and social partners in designing and implementing integrated employment policy responses. As part of this work, the ILO seeks to enhance the capacity of national and local level institutions to undertake evidence-based analysis that feeds social dialogue and the policy-making process. To assist member States in building a knowledge base on youth employment, the ILO has designed the “school-to-work transition survey” (SWTS) and the “labour demand enterprise survey” (LDES). The current report, which presents the results of the surveys in Malawi, is a product of a partnership between the ILO and The MasterCard Foundation. The “Work4Youth” Project entails collaboration with statistical partners and policy-makers of 28 low- and middle-income countries to undertake the SWTS and assist governments and the social partners in the use of the data for effective policy design and implementation.

It is not an easy time to be a young person in the labour market today. The hope is that with leadership from the UN system, with the commitment of governments, trade unions and employers’ organization and through the active participation of donors such as The MasterCard Foundation, the international community can provide the effective assistance needed to help young women and men make a good start in the world of work. If we can get this right, it will positively affect young people’s professional and personal success in all future stages of life.

Azita Berar Awad
Director
Employment Policy Department

Martin Clemensson
Director
ILO's Country Office for Zambia, Malawi
and Mozambique

¹ The full text of the 2012 resolution “The youth employment crisis: A call for action” can be found on the ILO website at: http://www.ilo.org/ilc/ILCSessions/101stSession/texts-adopted/WCMS_185950/lang--en/index.htm.

Contents

	<i>Page</i>
Preface	iii
Contents	v
Acknowledgements	ix
1. Introduction and main findings	1
1.1 Overview.....	1
1.2 Main findings.....	1
1.3 Structure of the report.....	5
2. Overview of the labour market and survey methodology	5
2.1 The socio-economic context.....	5
2.2 The labour market in Malawi.....	6
2.2.1 Employment profile.....	6
2.3 School-to-work transition survey and labour demand enterprise survey: Objectives and methodology.....	8
2.3.1 Questionnaire development.....	9
2.3.2 Sample design and selection.....	9
2.3.3 Data collection process.....	10
3. Characteristics of youth in the SWTS sample.....	10
3.1 Individual characteristics of youth.....	10
3.2 Educational attainment	14
3.3 Current activity status of youth.....	18
3.4 Aspirations and life goals	19
3.5 Characteristics of employed youth	19
3.5.1 General characteristics of the employed.....	19
3.5.2 Status in employment	20
3.5.3 Sector and occupation of working youth.....	24
3.5.4 Hours of work.....	26
3.5.5 Other job quality indicators	26
3.5.6 Security and satisfaction.....	29
3.6 Characteristics of unemployed youth.....	29
3.7 Characteristics of youth outside the labour market (inactive youth)	34
4. Stages of transition.....	35
4.1 Concepts and definitions.....	36
4.2 Stages of transition by sex, education level, age group and area of residence	37
4.2.1 Youth who have not started transition.....	38
4.2.2 Youth in transition.....	38

4.2.3	Characteristics of a completed transition.....	39
4.3	Transition paths and lengths of transition.....	41
5.	Creating jobs for young people: The employers' perspective.....	44
5.1	Characteristics of enterprises.....	44
5.2	Recruitment of workers.....	45
5.3	Hiring preferences of enterprises.....	46
5.4	Skills assessment of young workers.....	47
5.5	Education and training.....	49
5.6	Labour demand.....	49
6.	Relevant institutional and policy frameworks, and policy implications.....	51
6.1	Relevant institutional framework.....	51
6.2	Relevant policy frameworks.....	52
6.2.1	The Malawi growth and development strategy II.....	52
6.2.2	The national employment and labour policy.....	53
6.2.3	The national youth policy.....	54
6.2.4	Vocational, Entrepreneurial and Technical Training Act.....	54
6.2.5	The Malawi decent work country programme.....	55
6.3	Policy implications.....	56
	References.....	59
	Annex I. Definitions of labour market statistics.....	61
	Annex II. Additional statistical tables.....	63
Tables		
1.	Labour force participation rates and unemployment rates, 2011 (%).....	7
2.	Characteristics of youth (%).....	11
3.	Financial inclusion of youth (%).....	13
4.	Completed educational attainment by sex and area of residence (%).....	15
5.	Level of completed education of youth and youth's parents (%).....	15
6.	Reasons for leaving school early by sex (%).....	16
7.	Level of completed education of youth by main economic activity status (%).....	17
8.	Youth employment by age group, area of residence and household income level (%).....	20
9.	Youth employment by status in employment and sex (%).....	20
10.	Wage and salaried workers and self-employed by level of completed education (%).....	21
11.	Benefits and entitlements of young wage and salaried workers (%).....	22
12.	Average monthly income of young wage and salaried workers and self-employed workers by sex and educational attainment.....	23
13.	ISCO major groups and education levels.....	28
14.	Shares of overeducated and undereducated young workers by major occupational category (ISCO-08, %).....	29
15.	Employed youth by reason for not joining a trade union by sex (%).....	29

16.	Youth unemployment rates and share of unemployed youth by unemployment duration (%)	31
17.	Job search methods of unemployed and employed youth (%).....	31
18.	Monthly reservation wages of unemployed youth (Malawian kwacha)	33
19.	Unemployed youth by main obstacles to finding work (%).....	34
20.	Preferred field of study of current young students by sex (%).....	35
21.	Youth population by stage of transition and selected characteristics (%).....	38
22.	Indicators on the path of transition for youth who completed their labour market transition.	42
23.	Type of enterprise by number of employees (%).....	44
24.	Main obstacles faced by the enterprise (%)	45
25.	Recruitment methods to fill vacancies (%).....	46
26.	Recruitment methods by size of enterprise (%)	46
27.	Hiring preferences of enterprises (%)	47
28.	Employers' perspective of youth's (15–29) aspirations when applying for jobs (%).....	48
29.	Average number of workers trained by size of enterprise.....	49
30.	Availability of vacancies over the next 2 to 3 years by occupation (%).....	50
31.	Hard-to-fill vacancies by specific occupation (%).....	51
A1.	Health issues and disabilities of the youth population by sex (%).....	63
A2.	Reason for moving by sex (%).....	64
A3.	Share of young students combining work and study by sex (%)	64
A4.	Youth population by main economic activity and sex (%)	64
A5.	Unemployed youth who had refused a job by reason for refusal and sex (%).....	64
A6.	Unemployed youth by type of enterprise they would like to work for (%)	65
A7.	Wage and salaried young workers by type of contract and duration of contract by sex (%)..	65
A8.	Self-employed youth (own-account workers and employers) by reason for self-employment.....	65
A9.	Self-employed youth by funding sources for their activity (%).....	65
A10.	Reasons for being unpaid family workers (%).....	66

Figures

1.	Age at first marriage by sex	12
2.	Household financial status (%)	14
3.	Level of completed education, youth and their parents (%).....	16
4.	Household income level and level of completed education	17
5.	Distribution of youth population according to SWTS framework (%).....	18
6.	Life goals and aspirations of youth by main economic activity status (%).....	19
7.	Youth employment by 1-digit sector and by sex (%).....	25
8.	Employed youth by occupation (ISCO-08) and sex (%).....	25
9.	Employed youth by actual hours worked per week (%)	26
10.	Indicators measuring quality of youth employment (%).....	27
11.	Unemployed youth by number of jobs applied to and interviews attended (%).....	32

12.	Youth population by stages of transition and sex (%)	37
13.	Youth in transition by sub-category and sex, area of residence and household income level (%).....	39
14.	Transited youth by sub-category and sex, area of residence, household income level and educational attainment level (%).....	40
15.	Transited youth by sub-category and total employed youth by major occupation group (ISCO-08, %)	41
16.	Flows to stable and/or satisfactory employment (transited category, %)......	42
17.	Length of transition of youth who have completed the transition by sex	43
18.	Employers' assessment of youth's skills (%).....	48

Boxes

1.	Definition of youth.....	8
2.	Work4Youth: An ILO project in partnership with The MasterCard Foundation.....	9
3.	Malawi Skills for Employability Action Plan and G20 Training Strategy	55
4.	Approaches to boost aggregate demand and promote youth employment.....	57

Acknowledgements

The 2012 School-to-work Transition Survey in Malawi was implemented by the National Statistical Office (NSO) with funding from the ILO “Work4Youth” partnership with The MasterCard Foundation. The survey process at the NSO was initially led by Ms Angela Msosa and subsequently by Mr Medson Makwemba.

The author takes this opportunity to thank Ms Sara Elder, Chief Technical Advisor, ILO Work4Youth Project, for drafting sections of the report. Thanks also to Mr Yves Perardel and Ms Yonca Gurbuzer, members of the Work4Youth team, for their technical support and valuable inputs during all stages of the survey, and to Ms Susan Divald of the same team for her research assistance and help on formatting the report. Sincere thanks to Mr James Kalilangwe, Principle Secretary for the Government of Malawi’s Ministry of Labour and Mr Niall O’Higgins, ILO Senior Researcher, for useful comments on the draft. We are grateful also to Mr Gianni Rosas, Coordinator, ILO Youth Employment Programme, for his continuing support of the Work4Youth Project.

We wish to also acknowledge the officials from the Ministry of Labour and Ministry of Youth Development and Sports for their active interest in the survey and its findings. The preliminary results of the survey were presented at a national workshop in Lilongwe in September 2013. The authors wish to thank the participants of the workshop for their validation of the results and feedback on the relevance of the survey to the development of the G20 Strategy and Skills for Employment Action Plan and the National Employment and Labour Policy. Ms Belinda Chanda, Programme Officer, ILO’s Country Office for Zambia, Malawi and Mozambique, offered invaluable assistance in supporting the Work4Youth process in the country. Mr Charles Nangwale, National Liaison Officer, ILO Lusaka Office, was indispensable to the organization of the workshop.

Finally, the ILO would like to acknowledge the support given by The MasterCard Foundation in allowing the research to move forward, under the scope of the Work4Youth partnership.

1. Introduction and main findings

1.1 Overview

Malawi has a young population. The median age of the population is 17 years (NSO, 2009). Owing to the youthful nature of its population, the need to create current and future employment is at the heart of its development policies. Malawi has a number of policies and programmes that seek to tackle youth unemployment. These policies include the Malawi Growth and Development Strategy, the National Employment Policy, the National Youth Policy, and the Malawi Decent Work Country Programme. As part of the objective of solving the youth employment challenges in Malawi, these policies aim to improve the transitions of youth from school to work.

Despite recognition by various employment-related policies of the importance of improving school-to-work transitions, existing labour market information in Malawi cannot adequately answer the question of why the school-to-work transitions of young people are a long and difficult process.² Answering this question would go a long way in improving the existing employment strategies to better deal with problems that the youth face as they transition from school to work. Recognizing this information gap, the ILO undertook two complementary surveys in Malawi, namely, the school-to-work transition survey (SWTS) and the labour demand enterprise survey (LDES). The SWTS covered young people between the ages of 15 and 29 and aims to generate information on the current labour market situation, the history of economic activities and the perceptions and aspirations of youth. The LDES then complements the supply-side picture provided by the SWTS by looking at the current and expected workforce needs of enterprises and the perspectives of managers on the pool of available young jobseekers and workers. In Malawi, the SWTS was commissioned in June 2012 and targeted 3,100 youth. The LDES targeted 800 enterprises. This report presents the findings from these two surveys.

1.2 Main findings

Unemployment affects one-fifth of the economically active youth population; the duration of unemployment is short for a majority of unemployed youth, but still one-third of unemployed youth have been jobless for more than 2 years.

The unemployment rate of youth in Malawi (relaxed definition) is 18.9 per cent.³ A gender difference is apparent in unemployment rates; the unemployment rate of young women is 25.0 per cent, double that of young men at 12.5 per cent. The share of unemployed with duration of unemployment of less than 1 year is 52.5 per cent (65.5 per cent for young men and 46.6 per cent for young women). Still, there are another 31.6 per cent of unemployed youth that have been unemployed for more than 2 years. Unemployment while young, especially of long duration, causes permanent scars.

² Employment information is derived from household surveys such as the Integrated Household Survey (conducted every 5 years), and the annual Welfare Monitoring Surveys. A labour force survey – the first one for Malawi – has just been completed, and the results are not yet publicly available.

³ The “relaxed” definition is used, whereby the jobless (and available to work) young person does not have to demonstrate an active job search for inclusion in the category. See section 3.6.

Most young Malawians search for jobs through friends, relatives and acquaintances.

The most common method of seeking work among the unemployed is through friends, relatives and acquaintances (applied by 26.4 per cent of young jobseekers). Two-thirds (69.6 per cent) of unemployed youth did not formally apply for jobs in the 12 months prior to the interview, and about 20.8 per cent applied for fewer than three jobs. In terms of interviews, 90.1 per cent of unemployed youth did not attend any interview.

The lack of education/training is a major obstacle to finding work and the lack of qualified well-educated youth is creating a bottleneck in the supply of labour in the professional occupations sought by employers.

Both young people and their potential employers feel constrained by the lack of necessary qualifications and skills. More than one-half (56.6 per cent) of young unemployed individuals felt the requirements for a job were higher than the education/training received. Beyond the issue of qualifications, employers also cited a lack of work experience on the part of job applicants as a constraint.

Two-thirds of young Malawians (66.5 per cent) are working, but the quality of employment is often low, which does not allow youth (and the country) to make the most of their economic potential.

Only 8.1 per cent of youth are employed in a job with a contract duration of 1 year or longer. Another 58.1 per cent are in irregular employment (with a contract of less than 1 year or in self-employment).

More than three-quarters (78.4 per cent) of young Malawians are self-employed – 61.0 per cent as own-account workers, 1.9 per cent as employers and 15.5 per cent as contributing family workers. The self-employed, whether own-account workers or employers, face relatively higher economic risks since their remuneration depends on the number of units sold or services rendered. Almost three-quarters (74.6 per cent) of employees and own-account workers are taking home less than the average weekly wage. Informal employment is also a significant concern as almost all young workers are hired informally (96.4 per cent). In addition, 87.4 per cent of youth are in irregular employment and 90.5 per cent are in informal employment. In terms of quality of earnings, 74.8 per cent of own-account and wage and salaried workers have below-average earnings.

Agriculture remains the most important employer in the country and many youth, especially young women, take up the only work available to them, given their low skills base, in basic elementary occupations, including as domestic workers.

Employment in agriculture takes the largest share (47.2 per cent), followed by employment in the wholesale and retail trade at 27.4 per cent of youth employment and 10.3 per cent in manufacturing. The dominance of the agricultural sector is also evident in the distribution of young workers by occupation, with nearly one-half (45.0 per cent) of young people working as skilled agricultural or fishery workers. One-third of employed youth are in service and sales work (33.0 per cent), 11.2 per cent are in elementary occupations and 6.2 per cent in crafts-related work. At the same time, agriculture is not seen as an attractive field by current students. Less than 1 per cent indicated agriculture as their preferred field of study.

Malawian youth work few hours per week.

Nearly one-third (31.9 per cent) of youth worked less than 10 hours during the reference week and 71.7 per cent worked part time, or less than 30 hours per week. The short working hours are a strong indication of the lack of regular jobs and the precariousness of earning options for the occasional worker.

The qualifications mismatch is high and a majority of young workers are undereducated for the work they do.

Overall, 1.7 per cent of young Malawians are overeducated for the work they do, while 81.8 per cent are undereducated. The undereducation of workers can have a negative impact on the productivity of the worker and thus on the output of the enterprise, but also more personally on the young worker's sense of security.

Employment contracts are mostly oral and contracts are of limited duration.

Only 14.3 per cent of the sampled youth in wage or salaried employment have a written contract. Those on oral contracts make up 65.9 per cent of the sample, and those without contracts constitute 19.8 per cent of the sample. Regarding the duration of employment contracts, a majority (56.7 per cent) have limited duration contracts, while the remainder is on unlimited duration contracts.

Few working youth receive employment benefits.

The results point to an extremely low provision of employment benefits among working youth. The most common benefit provided to young wage and salaried workers is a meal allowance (31.8 per cent). Only 5.1 per cent of young employees are covered with medical insurance by their employer and 3.1 per cent pay into social security.

Unionization is very low.

The survey results show that only 7.7 per cent of working youth are members of a union. A predominant reason for not joining a union is lack of awareness; 57 per cent of sampled young Malawians indicated they were not aware of any union.

A majority of youth have already completed their labour market transition, but few have achieved stable work.

Most young Malawians have either completed their transition to stable and/or satisfactory self-employment (49.4 per cent) or they remain in transition (37.1 per cent). A small minority, 13.6 per cent, are yet to start their labour market transition. The high level of youth who are in transition or have transited is a reflection of low levels of school attendance and elevated school dropout rates in Malawi.

Among the youth who have already completed their labour market transition, only a minority have attained stable employment (16.2 per cent) while the remaining 83.8 per cent are engaged in what they deem to be satisfactory self-employment or temporary employment. Characteristics that lead to a more successful transition – meaning a greater likelihood to attain stable employment – are male gender, urban residence and higher household wealth. Young men who have completed their transition to the labour market have a higher likelihood to attain stable employment than young women (21.9 and 10.2 per cent, respectively). The share of transited youth in stable employment is also significantly higher among youth living in urban areas and in households of above-average income.

Education has a significant influence on the young person's labour market transition.

The higher the educational attainment of youth, the more likely they are to attain stable employment. Two-thirds (69.2 per cent) of transitioned youth in stable employment have a university degree compared to 30.8 per cent of transitioned youth in satisfactory self- or temporary employment. At the secondary level, again there is a higher likelihood to attain stable employment. The transitioned youth with primary or lower education are nearly seven times more likely to have transitioned to satisfactory self-employment or temporary employment than to stable employment.

Direct (short) transitions are dominant.

All in all the single most dominant way of transitioning into employment is the direct path, with 41.5 per cent of transitioned youth moving directly to their current stable and/or satisfactory position. This means that nearly one-half (41.5 per cent) of youth had no intermediary spells before acquiring their current job. It also points to the fact that youth in Malawi are less inclined to “shop around” in the labour market. Overall, the duration of 69.1 per cent of youth who transitioned into stable and/or satisfactory employment was classified as “short”, the duration of 20.8 per cent was classified as mid-length, and only 10.1 per cent experienced a lengthy transition period. The dominance of the “short” transitions is simply a reflection of the fact that a majority of young Malawians are direct transitions.

For the youth who completed the transition but had not moved directly to their status in stable and/or satisfactory employment, the path to transition proved to be approximately 2 years (23 months). The youth who remain “stuck” in transition, however, are likely to find themselves staying within the category for an extremely long period of time. The data show that the youth remaining in transition have already spent, on average, more than 6 years (77 months) within the category (meaning they have been unemployed, in non-satisfactory self-employment or temporary employment, or have been inactive non-students with plans to work, or any combination of the three categories).

Very few young Malawians stay in education, even up to the secondary level; the education levels of rural youth are lower than those in urban areas.

A majority of youth in Malawi have not attained even primary level education (54.2 per cent). Another one-third (30.2 per cent) of youth finished their education at the primary level, leaving only 15.7 per cent of the youth population with education at the secondary level or higher. The education outcomes of rural youth are lesser than those of their urban counterparts; 56.6 per cent of youth in rural areas have less than primary level education compared to 35.4 per cent in urban areas.

Poverty is the main reason youth drop out of school.

Poverty is a major factor in leaving education early in Malawi. The survey results show that 65.5 per cent of young males and 51.8 per cent of young females dropped out of school for economic reasons. There is a positive relationship between the level of education and the household income level of youth: 80.8 per cent of youth who live in poor or fairly poor households have no education, whereas the share of youth from well-off households is less than 1 per cent.

Poor access to financial services is a major obstacle for enterprises; labour-related challenges are not regarded as major problems by enterprises.

The most important obstacle faced by enterprises is difficulty in accessing financial services – cited by 52.2 per cent – followed by the lack of marketing services, mentioned by 10 per cent of the enterprises. The quality of the labour force is mentioned by only 3.3

per cent of enterprises as the most important problem. Additionally, labour shortages – cited by only 1.8 per cent – and high labour costs – cited by only 2.9 per cent – do not seem to be major constraints to doing business.

Employers value job experience.

Job experience is the most important quality that employers look for in their job applicants, followed by education/training. The age of the prospective employee is the third most important factor employers consider when hiring workers. Interestingly, only 1.5 per cent of employers consider the gender of applicants to be relevant when hiring managers/professionals, while 4.2 per cent of employers emphasize the gender of applicants when hiring production workers.

Most employers do not provide training to their workers.

The results show that only 11.3 per cent of enterprises offered training to their workers, 90.4 per cent of which was job-related training. The LDES results show that 1.6 per cent of small enterprises and 57.1 per cent of large enterprises participated in an internship programme with an educational or training institution.

It is the low skilled, low paying jobs that are expected to grow.

The job growth prospects are skewed towards low-wage and insecure jobs. The results show that the strongest expected demand over the next 2 to 3 years will be for domestic workers (48.2 per cent), followed by food preparation assistants (11.7 per cent) and personal service workers (8.1 per cent).

1.3 Structure of the report

The rest of the report is organized as follows: Section 2 focuses on the socio-economic and labour market conditions of Malawi and introduces the objectives and the methodology of the survey process. Section 3 presents the results of the SWTS with details on the characteristics of the youth and their labour market outcomes. Section 4 introduces the classification of stages of labour market transition and investigates the characteristics that lead to more advantageous labour market outcomes. Section 5 presents the results of the LDES, focusing particularly on what enterprises look for in prospective employees and whether or not the supply of labour as defined by the SWTS is likely to satisfy the demand for labour. Finally, Section 6 outlines the institutional framework and relevant employment policies and concludes with a presentation of policy recommendations.

2. Overview of the labour market and survey methodology

2.1 The socio-economic context

Malawi is a landlocked country in south-east Africa. It is among the world's least developed and most densely populated countries, with around 87 per cent of the population living in rural areas. Malawi covers an area of over 118,000 km², and English is the official language. Malawi's economy is based heavily on agriculture, with high dependence on rain-fed agriculture and a narrow range of products. The country's economic growth between 2005 and 2011 was hailed as a success story. Gross domestic product (GDP) grew at an average annual rate of 7.7 per cent, with strong growth especially in the agricultural sector, which employs many of the country's poor people. However, economic

performance decelerated in 2012; the economy slowed to a growth rate of approximately 4.0 per cent. To address this slowdown, the Government of Malawi is now implementing an Economic Recovery Plan. Despite the high economic growth rates prior to 2012, poverty declined only marginally. Those living in poverty accounted for 54.1 per cent of the population in 1998 and 52.4 per cent in 2004, falling to 50.7 per cent in 2011 (NSO, 1999, 2005, 2012a).

According to the 2008 population census, Malawi's population totals 13.1 million. Population growth in Malawi is rapid. It increased from 2.9 per cent annually between 1968 and 1977 to 3.7 per cent between 1978 and 1987, but declined to 2.0 per cent between 1988 and 1998. During the 1998–2008 period, the population growth rate was 2.8 per cent, about the same as between 1968 and 1977. These numbers show the difficulty involved in perceiving a trend in Malawi's population growth. Nevertheless it seems likely to increase due to both high fertility and reduced mortality rates. In addition, child mortality has declined and the widespread distribution of anti-retroviral therapy (ART) has reduced adult mortality. Moreover, out-migration from Malawi is not substantial; in fact, according to the World Bank (2008), a net inflow of people occurred until 2005 and 0.7 per cent of Malawi's population had migrated.

Malawi has a young population. The median age of the population is 17 (NSO, 2009). Between 1998 and 2008, the share of youth in the total population, defined as age ranges 15–24 and 10–29, remained stable. In 2008, youth aged 10–29 constituted 40.5 per cent of the total population, and youth aged 15–24 constituted 19.2 per cent of the total population. Youth shares were similar in 1998. There are no significant gender differences in youth shares for both definitions. Interestingly, the 2008 population census shows that the share of youth in the 15–24 age range in urban areas was higher than in rural areas, a signal of internal migration from the countryside. Specifically, for urban areas it amounted to 23.3 per cent (distributed as 22.0 per cent male and 24.6 per cent female) compared with 18.5 per cent for rural areas (distributed as 17.9 per cent male and 19.1 per cent female).⁴

One consequence of the young constitution of Malawi's population is that many new young people enter the labour force each year. This means the number of working-age people (15–64 years old) will also grow rapidly. A crude estimate suggests the number will increase by about 20 per cent from 2010 to 2015, implying roughly another 1,500,000 people (300,000 per annum). Hence, young people's demand for jobs will increase considerably (Durevall and Mussa, 2010).

2.2 The labour market in Malawi

2.2.1 Employment profile

In this section, Malawi's current employment profile is examined with a focus on key labour market indicators, such as labour force participation rates, unemployment rates and the distribution of employment by sector. Table 1 shows labour force participation rates and unemployment rates for 2011.⁵ Overall the labour force participation rate for Malawi is 88.4 per cent. The labour force participation rate for males is slightly higher than that for females, 89.4 per cent for men versus 87.4 per cent for women. Rural areas have a higher labour force participation rate.

⁴ Author's computations based on Malawi's 2008 population census.

⁵ The most recent national employment statistics are from 2011. They are based on the Welfare Monitoring Survey 2011 and the Integrated Household Survey, 2010–2011 (IHS3). Malawi has just conducted a labour force survey, the results of which are not yet publicly available.

A pattern in labour force participation rates by age is discernible. Youth (aged 15–24) have the lowest labour force participation rates of the economically active population (aged 15–64). Interestingly, there is a gender difference in youth labour force participation: young women have a higher labour force participation rate (79.4 per cent) than young men (76.2 per cent). Labour force participation also varies with education. Among those who have some education, labour force participation is positively related to the level of education. Those who have primary education have the lowest labour force participation rate, and those with tertiary education have the highest. Notably, the labour force participation rate for those who have no education is higher than that of those with primary education.

Table 1. Labour force participation rates and unemployment rates, 2011 (%)

	Labour force participation rate			Unemployment rate ⁶		
	Male	Female	Total	Male	Female	Total
Malawi	89.4	87.4	88.4	6.9	11.6	9.3
Area of residence						
Urban	86.5	78.7	82.5	12.7	38.5	24.9
Rural	90.1	89.1	89.6	5.7	7.0	6.4
Age category						
15–24	76.2	79.4	77.9	13.5	16.7	15.2
25–34	97.2	94.5	95.8	5.5	13.5	9.6
35–49	97.4	95.3	96.4	3.4	7.2	5.2
50–64	96.9	92.4	94.5	2.9	6.4	4.7
65+	85.8	70.8	77.5	4.3	2.1	3.2
Education						
None	89.7	88.8	89.2	6.1	9.0	7.7
Primary	86.2	80.8	83.8	7.0	19.3	12.2
Secondary	89.9	82.3	87.2	9.8	27.1	15.8
Tertiary	97.6	84.7	93.1	6.2	17.5	9.8

Source: NSO (2012a).

The national unemployment rate was 9.3 per cent in 2011. A comparison of unemployment rates on the basis of gender indicates that women are consistently associated with higher unemployment rates than men. The unemployment rate was 6.9 per cent for males and 11.6 per cent for females in 2011. The unemployment rate in urban areas was higher than in rural areas; the urban unemployment rate was 24.9 per cent as compared to 6.4 per cent for rural areas. Two results are noteworthy with respect to the percentage of youth aged 15–24 who are unemployed. First, the overall youth unemployment rate of 15.2 per cent is higher than that for the entire population. This pattern is consistent with findings from other countries where youth often have higher unemployment. Second, young females are more likely to be unemployed than young males. Individuals with no education have the lowest unemployment rate; however, among those who have some education, those with tertiary education have the lowest unemployment rate. These low unemployment rates mask a great deal of underemployment. The percentage of people in the labour force who worked for less than

⁶ Based on the strict definition of unemployment (see section 3.6 and Annex I).

10 hours per week was 41.3 per cent in 2011.⁷ This represents a serious problem of underemployment as a full-time working week is about 35 hours. The issue of underemployment and a broader definition of unemployment are discussed in Section 3.

Wage employment is a small part of the labour market in Malawi. Only 13.4 per cent of employed persons are in wage employment. The rest are either in unpaid family work or in self-employment. Looking at gender, 21.1 per cent of males as compared to only 5.5 per cent of females are in wage employment. With respect to the youth population, 6.4 per cent work for a wage. As would be expected, wage employment is more prevalent in urban areas than in rural areas (NSO, 2012a). The agricultural sector is not only the backbone of the Malawian economy, it is the main sector for employment. The share of people employed in that sector is 86.4 per cent. Gender differences per sector of employment are apparent, and in the agricultural sector more females are employed than males. In rural areas, a majority (88.4 per cent) of employed persons are engaged in agriculture. On the other hand, only 29.8 per cent of urban workers are employed in the agricultural sector. The contribution to employment of the manufacturing sector is very small; only 0.9 per cent of those employed work in the manufacturing sector (NSO, 2012b).

2.3 School-to-work transition survey and labour demand enterprise survey: Objectives and methodology

Current restrictions in labour market information have led to a situation in which the question of why the school-to-work transitions of young people today are a long and difficult process has not yet been satisfactorily answered. At the same time, the goal of improving the transitions of youth is among the top policy priorities of most countries in the world. In response to this obvious information gap, the ILO has developed a research framework: the Labour Market Transition Study concept. The concept is composed of two surveys. The school-to-work transition survey (SWTS) is a detailed household survey covering 15–29 year-olds (see box 1). It is applied at the national level to generate information on the current labour market situation, the history of economic activities and the perceptions and aspirations of youth. This supply-side picture is then balanced by a second survey that aims to measure labour demand, particularly for young workers. The labour demand enterprise survey (LDES) investigates the current and expected workforce needs of enterprises, and perspectives of managers on the pool of available young jobseekers and workers.

Box 1. Definition of youth

While in most other contexts, a youth is defined as a person aged between 15 and 24, for the purpose of the SWTS and related reports, the upper age limit is extended to 29 years of age. This recognizes the fact that some young people remain in education beyond the age of 24, and allows the opportunity to capture more information on the post-graduation employment experiences of young people.

Malawi undertook the SWTS and LDES to collect and analyse information on the various challenges that impact young men and women as they make the transition to working life. The SWTS was implemented by the National Statistics Office, which completed field work in August and September 2012. The LDES was implemented by a private firm, the Centre for Development Management Consulting, with field work undertaken in March 2013. Funding for the surveys came from the Work4Youth partnership between the ILO Youth Employment Programme and The MasterCard

⁷ Author's computation based on the IHS3.

Foundation (see box 2). The partnership supports the SWTS in 28 target countries, and data from the first round is being made available throughout 2013. A second round of the SWTS will take place in each of the 28 countries in 2014–15, including in Malawi.

Box 2. Work4Youth: An ILO project in partnership with The MasterCard Foundation

The Work4Youth (W4Y) Project is a partnership between the ILO Youth Employment Programme and The MasterCard Foundation. The project has a budget of US\$14.6 million and will run for 5 years to mid-2016. Its aim is to “promot[e] decent work opportunities for young men and women through knowledge and action”. The immediate objective of the partnership is to produce more and better labour market information specific to youth in developing countries, focusing in particular on transition paths to the labour market. The assumption is that governments and social partners in the project’s 28 target countries will be better prepared to design effective policy and programme initiatives once armed with detailed information on:

- what young people expect in terms of transition paths and quality of work;
- what employers expect in terms of young applicants;
- what issues prevent the two sides – supply and demand – from matching; and
- what policies and programmes can have a *real* impact.

Work4Youth target countries:

- **Asia and the Pacific:** Bangladesh, Cambodia, Nepal, Samoa, Viet Nam
- **Eastern Europe and Central Asia:** Armenia, Kyrgyzstan, the former Yugoslav Republic of Macedonia, the Republic of Moldova, the Russian Federation, Ukraine
- **Latin America and the Caribbean:** Brazil, Colombia, El Salvador, Jamaica, Peru
- **Middle East and North Africa:** Egypt, Jordan, Occupied Palestinian Territory, Tunisia
- **Sub-Saharan Africa:** Benin, Liberia, Madagascar, Malawi, Togo, Uganda, United Republic of Tanzania, Zambia

2.3.1 Questionnaire development

The standard ILO SWTS questionnaire was adapted to the Malawi country context based on a consultative process between the ILO and the National Statistics Office (NSO). Similarly, the LDES questionnaire was adapted in consultation with the implementation partner, the Centre for Development Management. The questionnaires were drafted and administered in both English and Chichewa.⁸

2.3.2 Sample design and selection

The SWTS followed the sample design used by the Malawian Welfare Monitoring Survey 2011. A multistage cluster sampling technique was used. In the first stage, 144 enumeration areas (EAs) were selected from a master sample based on the 2008 population and housing census, which contains an exhaustive list of all enumeration areas and size. A probability proportional to size technique was applied to select EAs and household listings were then made in the selected EAs. In the second stage, 25 households were systematically selected with a resulting sample of 3,600 households. All young people aged 15–29 within the selected households were interviewed.

The LDES used a sampling of 800 enterprises. A stratified random sampling was applied whereby the first level corresponded to the region (northern, central and southern). The second stratum was based on rural or urban classification. Within each region, areas that are nationally classified as rural and urban were selected using EAs listed by the National Statistics Office. For each selected EA, a listing of all enterprises was drawn up and divided into clusters based on size classification. A selection emerged from simple

⁸ The final questionnaires will be made available at: www.ilo.org/w4y.

random sampling. Ten districts were visited in total: two in the north and four each in the central and southern regions.

2.3.3 Data collection process

After a SWTS pilot test and training sessions for supervisors and enumerators, field data collection was carried out for 20 days between 15 August and 6 September 2012. Interviews were conducted by seven teams of five people. Youth aged 15–29 were surveyed in all 28 districts of the country. The overall sample size amounted to 3,102 young people. The LDES field work took place in early April 2013 with a team of 16 enumerators and supervisors. The final sample size came in slightly higher than planned at 832 enterprises.

3. Characteristics of youth in the SWTS sample

This section presents survey findings on the individual characteristics of the youth, their educational attainment, current activity status, and aspirations and life goals, as well as the characteristics of unemployed youth, those of youth outside of the labour market (inactive youth) and the characteristics of employed youth.

3.1 Individual characteristics of youth

Age groups

Table 2 shows the age categories of the youth surveyed. A majority (42.9 per cent) of the sampled youth are adolescents aged 15–19. There is a larger share of young men among the younger age band (15–19) and a higher share of young women among the upper age band (25–29).

Area of residence

Table 2 indicates that 85.6 per cent of youth in the sample resided in rural areas. More young men, 87.1 per cent, stay in rural communities as compared to 84.2 per cent of young women.

Household head status

Table 2 shows that, overall, 18.3 per cent of the youth in the sample are household heads. Notably, a gender difference in head of household status exists. About 30 per cent of young men are household heads, while only 8 per cent of young females are heads of households. This gender pattern is fairly consistent with the broader national picture, in which 75 per cent of the country's households are headed by males and the rest by females (NSO, 2012a).

Household size

Large household sizes have been found to be associated with household poverty. For instance, Mukherjee and Benson (2003) found that there is a sizable decline in per capita consumption across Malawi due to the addition of an extra child in the household. They also found that the rise in the poverty headcount index is more dramatic in urban than in rural areas. In terms of the size of the households in which the youth stay, table 2 shows that overall 52.0 per cent stay in households with 4–6 members, suggesting that the youth

stay in fairly large families. More female youth, 54.7 per cent, stay in households with 4–6 members, compared to male youth, at 49.1 per cent.

Table 2. Characteristics of youth (%)

Characteristics	Male	Female	Total
Age group			
15–19	47.1	39.1	42.9
20–24	29.6	31.7	30.7
25–29	23.3	29.2	26.4
Total	100.0	100.0	100.0
Area of residence			
Rural	87.1	84.2	85.6
Urban	12.9	15.8	14.4
Total	100.0	100.0	100.0
Household head status			
Not head of household	70.2	92.3	81.7
Head of household	29.8	7.7	18.3
Total	100.0	100.0	100.0
Size of household			
1	2.0	0.5	1.2
2–	20.2	21.0	20.6
4–6	49.1	54.7	52.0
>6	28.8	23.9	26.2
Total	100.0	100.0	100.0
Marital status			
Married/living together	29.5	53.3	41.9
Separated/divorced	2.3	7.7	5.1
Widowed	0.1	0.4	0.2
Single/never married	68.2	38.6	52.7
Total	100.0	100.0	100.0
Main economic activity status			
Employed	73.2	60.3	66.5
Unemployed	4.3	6.8	5.6
Inactive	22.5	32.9	27.9
Total	100.0	100.0	100.0

Source: SWTS-Malawi, 2012.

Marital status

Table 2 shows that 52.7 per cent of youth are single/never married. An interesting picture emerges when one looks at gender in marital status. A majority of young women, 53.3 per cent, are married/living together, while only 29.5 per cent of young men are married/living together. In addition, when one looks at the percentage of youth who are single/never married, the reverse pattern is observed; 68.2 per cent of young men fall in this group while only 38.6 per cent of young women are in this category.

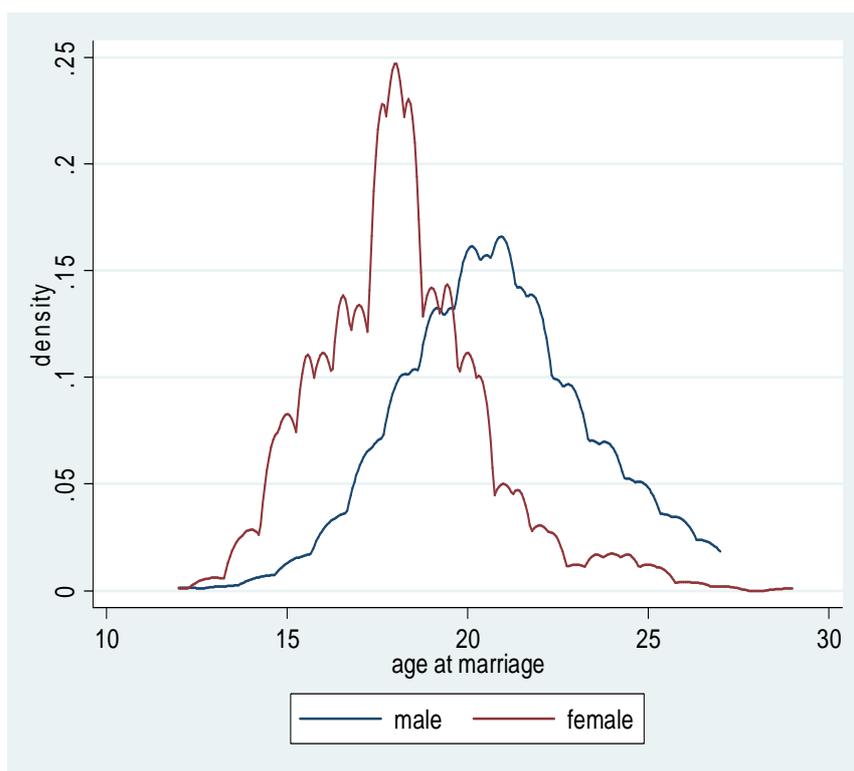
Activity status

In terms of the economic activity status of the sampled youth, table 2 reveals that 73.2 per cent of young men and 60.3 per cent of young women are employed. The results also show that 32.9 per cent of female youth are inactive as compared to 22.5 per cent of male youth. A more detailed discussion of the youth's status pertaining to economic activity is provided in sections 3.3–3.7.

Age at first marriage

A woman's age at marriage is an important determinant of fertility. If a woman starts bearing children at a very young age as a consequence of marrying early, she is more likely to have high parity, a high number of births, by the end of her reproductive age, especially in a country where there is a low prevalence of contraceptive use and relatively short birth intervals. The overall picture emerging from the survey results is that young women marry earlier than young men. Figure 1 shows age distribution at first marriage for young men and women. The figure indicates that for lower ages (below 19), the likelihood of young women marrying is higher than that of young men. The reverse holds for ages above 19. Further, the SWTS results show that the median age at marriage for young women is 18 while it is 21 for young men.

Figure 1. Age at first marriage by sex



Source: SWTS-Malawi, 2012.

Youth health

The SWTS collected information on the health of young people with respect to eye sight, hearing, walking, and concentration and communication capabilities. The results are as follows: 4.7 per cent of the youth population expressed difficulty with seeing; 2.1 per cent difficulty with hearing, walking and communicating; 5.7 per cent difficulty with concentrating; and, finally, 0.2 per cent indicated difficulty with self-care such as bathing or dressing (table A1).

Mobility

To determine the extent of youth's internal migration, the survey asked respondents whether they had always lived in the current locality. About one-quarter (26.4 per cent) had moved from their original place of residence, suggesting that Malawian youth are fairly mobile. The results reveal a rural/urban difference in migration patterns; 59.0 per cent of urban and 20.9 per cent of rural youth said they had moved from their original place of residence (table A2). This means that a majority of urban youth are migrants. This is to be expected, given the fact that greater economic opportunities in urban areas act as a pull factor. In terms of reasons for migration, the results show that 49.3 per cent migrated to accompany their family and 14.4 per cent migrated for work/employment related reasons and 4.7 per cent migrated to pursue their education or training. As much as one-quarter (24.2 per cent) of the youth who moved to urban areas did so for employment purposes.

Financial inclusion

Table 3 shows that a low percentage of young people in Malawi make use of formal financial services as a source of money. Only 4.5 per cent of surveyed youth said they had acquired a business loan, 6.9 per cent had taken a consumption loan and 4.6 had taken an emergency loan. More common is the use of savings as a source of financing (31.7 per cent).

Table 3. Financial inclusion of youth (%)

Financial services used	%
Business loans	4.5
Emergency loans	4.6
Consumptions loans	6.9
Savings	31.7
Insurance	0.3
Remittances	6.0
Katapila*	2.9
Chipereganya**	4.1
Other services	4.3
Means of covering unforeseen expenses	
Savings	14.8
Take loan	19.2
Pension or social security	0.0
Sacrifice on expenses	0.2
Work extra to earn more income	8.3
Sell assets	4.6
Family & friends	41.6
Other services	1.4
Do not do anything	10.1

Notes: *Katapila is informal lending for profit, with short repayment periods and very high interest rates; **Chipereganya are community based rotating savings and credit associations.

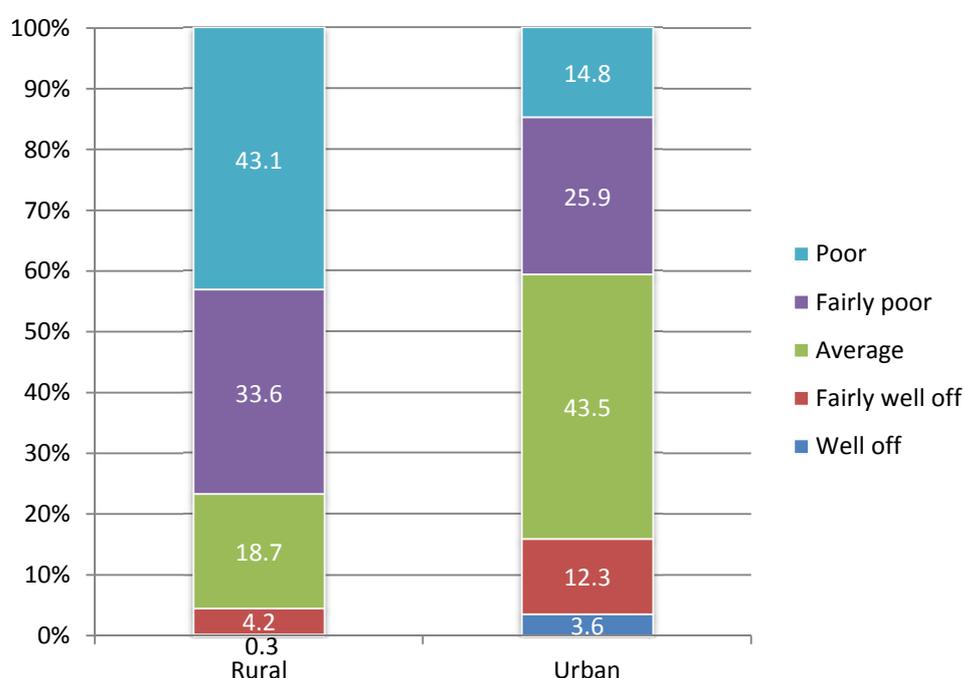
Source: SWTS-Malawi, 2012.

On the means for meeting their unforeseen expenses, only about 10 per cent of youth mentioned that they had none; the majority (41.6 per cent) relied on family and friends for assistance. The remainder of the youth covered their unforeseen expenses by using their own savings (14.8 per cent), taking a loan (19.2 per cent), working extra to earn more income (8.3 per cent) or selling assets (4.6 per cent).

Financial status

In terms of the overall financial situation of their households, 38.4 per cent of youth described their households as poor. Figure 2 shows that 14.8 per cent of urban youth described their households as poor compared to 43.1 per cent of rural youth. This pattern of household economic status conforms to the general poverty profile for Malawi, where 17 per cent of the population in urban areas lives in poverty compared to 57 per cent in rural regions who live in poverty (NSO, 2012a).

Figure 2. Household financial status (%)



Source: SWTS-Malawi, 2012.

3.2 Educational attainment

Low levels of education are widely considered to be a major impediment to economic growth, employment creation and the eradication of poverty in sub-Saharan Africa (Glick and Sahn, 2000). This is because low levels of education make it more difficult to take advantage of opportunities offered by a globalized economy, where liberalization and educational expansion can either reinforce each other or lead to stagnation (Kim and Kim, 2000).

Education by sex and area of residence

Despite the introduction of free primary education in Malawi in 1994, a majority of youth (54.2 per cent) have less than primary level education (table 4). More young women than young men have less than primary level education, and more young men than young women have education at the secondary and tertiary levels. The education outcomes of rural youth are inferior to those of their urban counterparts; 56.6 per cent of youth in rural

areas have less than primary level education compared to 35.4 per cent in urban areas. Only a small share of Malawian youth (0.2 per cent) participates in vocational education or training.

Table 4. Completed educational attainment by sex and area of residence (%)

Education level	Male	Female	Rural	Urban	Total
Primary or less	50.4	56.8	56.6	35.4	54.2
Primary	29.4	30.7	30.3	28.7	30.2
Secondary	18.5	11.6	12.6	28.9	14.4
University	0.2	0.3	0.0	2.2	0.3
Other tertiary	1.2	0.6	0.3	4.7	0.8
Vocational	0.3	0.1	0.2	0.0	0.2
Total	100.0	100.0	100.0	100.0	100.0

Source: SWTS-Malawi, 2012.

Parental education and the education of their children

Table 5 shows education levels of youth and their parents; 54.2 per cent of youth said they had less than primary level education. They also said that 41.8 per cent of their fathers and 64.7 per cent of their mothers had less than primary level education. Thus, more youth have no education compared to their fathers. Considering a majority of the sampled youth were teenagers (see table 2), this finding suggests there is weak educational mobility among youth in Malawi.

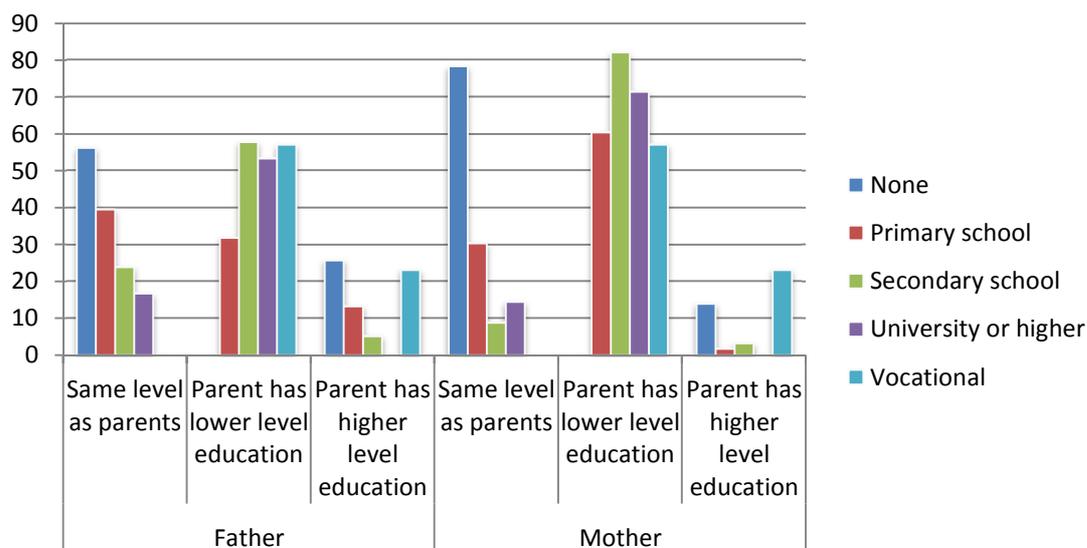
Table 5. Level of completed education of youth and youth's parents (%)

Education level	Youth	Father	Mother
Primary or less (including no school)	54.2	41.8	64.7
Primary	30.2	28.6	23.2
Secondary	14.4	11.0	4.0
Vocational	0.2	0.3	0.1
University	0.3	2.0	0.4
Other tertiary	0.8	1.7	0.8
Do not know	0.0	14.7	6.8
Total	100.0	100.0	100.0

Source: SWTS-Malawi, 2012.

Figure 3 shows the relationship between fathers' and mothers' education and the education of their children; 56.3 per cent and 78.2 per cent of youth whose fathers and mothers, respectively, had no education also have no education. This implies that young men and women whose parents are not educated are more likely to be uneducated themselves, suggesting an intergenerational persistence of low education outcomes. In contrast, youth with a secondary or university level education are very likely to have surpassed the level of education of both their parents; 57.9 per cent of youth with secondary level education had surpassed the level of their father and 82.0 per cent had passed the level of their mother.

Figure 3. Level of completed education, youth and their parents (%)



Source: SWTS-Malawi, 2012.

Early drop-outs or no schooling

Table 6 shows reasons why youth stopped attending school. It reveals that poverty is a major reason youth drop out of school in Malawi; 65.6 per cent of young males and 51.8 per cent of young females dropped out of school for economic reasons. Notably, 8.2 per cent of female youth dropped out because they wanted to get married, while only 2.3 per cent of young men left school for the same reason.

Table 6. Reasons for leaving school early by sex (%)

Reason	Male	Female	Total
Failed exams	4.3	3.7	4.0
Not interested	14.9	16.0	15.6
Wanted to start working	1.1	0.4	0.6
Wanted to get married	2.3	8.2	5.9
Parents did not want	5.7	3.6	4.4
Economic reasons	65.6	51.8	57.2
No school nearby	0.8	1.0	1.0
Pregnancy	0.8	11.7	7.4
Other	4.5	3.6	4.0
Total	100.0	100.0	100.0

Source: SWTS-Malawi, 2012.

Youth education and activity status

Table 7 shows the relationship between the education level attained by youth and their current economic activity status. The largest shares of young workers, young unemployed as well as inactive youth are those with primary or less education (including no school). There is a slightly greater likelihood that youth with a university education will be unemployed rather than employed (0.6 per cent versus 0.3 per cent). Interestingly,

among the inactive youth sampled, the percentage with university or vocational education is nil.

Table 7. Level of completed education of youth by main economic activity status (%)

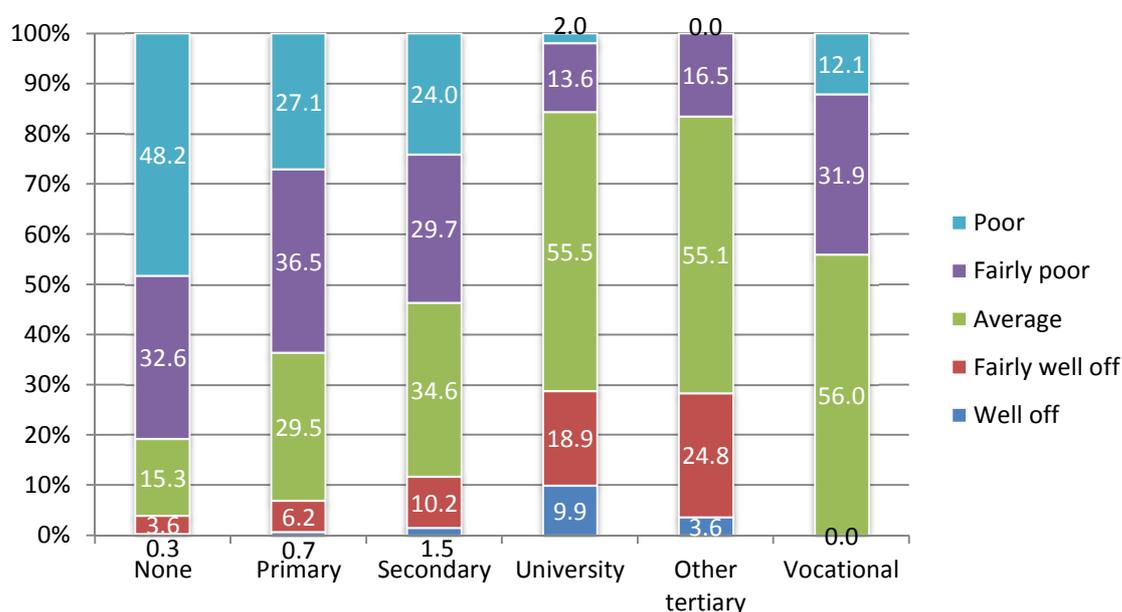
Education level	Employed	Unemployed	Inactive
Primary or less (including no school)	51.6	35.3	52.6
Primary	31.8	41.4	31.9
Secondary	15.1	21.8	15.0
University	0.3	0.6	0.0
Other tertiary	1.0	0.9	0.5
Vocational	0.3	0.0	0.0
Total	100.0	100.0	100.0

Source: SWTS-Malawi, 2012.

Household financial situation and the education of youth

Household economic status is a major determinant of schooling for children. Figure 4 shows that 80.8 per cent of youth who live in poor or fairly poor households have no education. Only 15.6 per cent of youth who remain in poor or fairly poor households have a university education. The figure also shows that no youth who stays in a well-off household is uneducated. This suggests there is a positive relationship between household income and better schooling outcomes among young Malawians.

Figure 4. Household income level and level of completed education



Source: SWTS-Malawi, 2012.

Work study combination

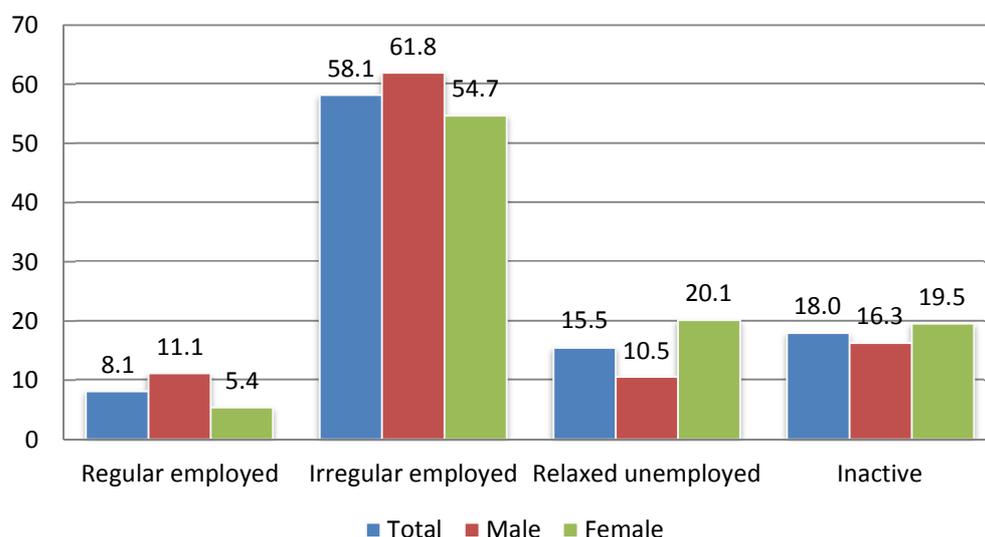
A majority of youth with completed education had never combined work with studying (74.1 per cent) while the remainder combined work with studying. Among those who worked, 77.4 per cent did so to make money; only 19.6 per cent worked to help their families; and 1.7 per cent did so to gain work experience and build their CVs (table A3).

3.3 Current activity status of youth

The traditional classification of current activity status has three categories: employed, unemployed or inactive. The employed and unemployed are added together to form the total labour force. The survey results show that 66.5 per cent of youth were employed and 5.6 per cent were unemployed (strict definition) for a total youth labour force participation rate of 72.1 per cent. The percentage of females employed and unemployed is 60.3 per cent and 6.8 per cent, respectively. The percentage of males employed and unemployed is 73.2 per cent and 4.3 per cent, respectively (table A4). This suggests that more young men than young women are employed.

The SWTS framework distributes the youth population into five categories: (a) *regular employment*, defined as wage and salaried workers holding a contract of greater than 12 months' duration, plus self-employed youth with employees (employers); (b) *irregular employment*, defined as wage and salaried workers holding a contract of limited duration, i.e. set to terminate prior to 12 months, self-employed youth with no employees (own-account workers) and contributing family workers; (c) *unemployed (relaxed definition)*, defined as persons currently without work and available to take up work in the week prior to the reference period; (d) *inactive non-students* and (e) *inactive students*. (See Annex I for more on definitions of labour market indicators). Figure 5 shows the share of surveyed youth in each category. Overall, 58.1 per cent of youth are in irregular employment; there are more young men (61.8 per cent) than young women (54.7 per cent) in this category. Only 8.1 per cent of youth are in regular employment (paid employment with a contract of 1 year's duration or longer); more young men (11.1 per cent) than young women (5.4 per cent) fall in this category. In addition, 15.5 per cent of youth are unemployed (relaxed definition) and 18.0 per cent are either inactive students or inactive non-students. Notably, only 16.3 per cent of young Malawian men are inactive as compared to 19.5 per cent of young women.

Figure 5. Distribution of youth population according to SWTS framework (%)



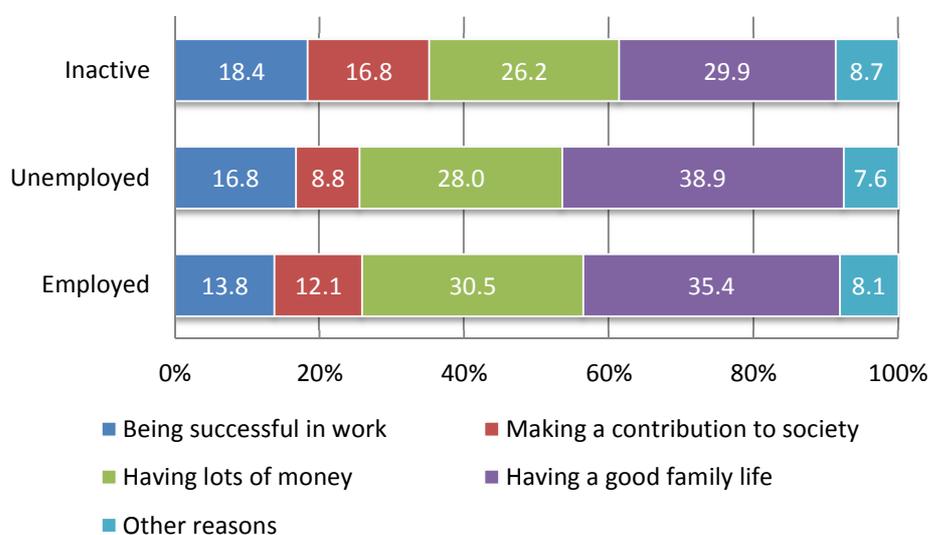
Source: SWTS-Malawi, 2012.

The survey finds high levels of labour underutilization – defined as youth in irregular employment, unemployed (relaxed definition) plus youth neither in the labour force nor in education/training (inactive non-students) as a percentage of the youth population among young Malawians. Overall, labour underutilization stands at 79.1 per cent. There are more underutilized young women (83.3 per cent) than young men (74.5 per cent).

3.4 Aspirations and life goals

In terms of life goals, both young men and women viewed having a good family life (34.1 per cent) and making lots of money (29.1 per cent) as their leading goals in life. This finding implies that young Malawians have a fairly materialistic view of life. Figure 6 shows the youth's life goals by current economic activity status. The results reveal that employed, unemployed and inactive youth have fairly similar views regarding having a good family life and making lots of money. Interestingly, as regards contributing to society, only 8.8 per cent of the unemployed and 12.1 per cent of the employed value this goal as compared to 16.8 per cent of those categorized as inactive. This indicates that the inactive youth have a more societal outlook than the unemployed and employed. This result can perhaps be explained by the fact that a majority of the inactive young people are students.

Figure 6. Life goals and aspirations of youth by main economic activity status (%)



Source: SWTS-Malawi 2012.

3.5 Characteristics of employed youth

3.5.1 General characteristics of the employed

The results in table 8 show that 36.8 per cent of employed youth are adolescents (15–19), a reflection in part of the overrepresentation of this age group in the overall sample (table 2). Further, 32.1 per cent and 31.2 per cent of 20–24 and 25–29 year olds, respectively, are employed. This result runs counter to a priori expectations as one would expect most teenagers to be in school. However, this situation is not surprising in the Malawian context given the low levels of educational attainment of the young population. The survey results also indicate that a significant majority (88.8 per cent) of employed youth reside in rural areas, with the remainder in urban communities. With respect to the financial situation of the households the youth live in, the results in table 8 show that 73.5 per cent of employed youth live in poor or fairly poor households. Although one cannot make causal statements on the basis of this kind of analysis, the results seem to point to the possibility that poverty may compel households to send their young ones to work to supplement household income.

Table 8. Youth employment by age group, area of residence and household income level (%)

Characteristics	Youth employment (%)
Age group	
15–19	36.8
20–24	32.1
25–29	31.2
Area of residence	
Rural	88.8
Urban	11.2
Household income level	
Well off	0.8
Fairly well off	4.8
Average	20.9
Fairly poor	33.5
Poor	40.0
Total	100.0

Source: SWTS-Malawi, 2012.

3.5.2 Status in employment

The categorization of status in employment is important because the different groups of workers face different economic risks. Wage and salaried workers, or employees, are attached to an institution and generally receive a regular wage. They face relatively low economic risks compared to the self-employed and unpaid family workers. In general a country with a high proportion of wage and salaried workers is likely to have a strong formal economy with effective labour market institutions. The self-employed, whether own-account workers or employers, face relatively higher economic risks since their remuneration is dependent on the number of units sold or services rendered. Their incomes are subject to fluctuations and they do not have access to the entitlements made available to some wage and salaried workers. In most developing economies, most self-employed workers operate in the informal sector.

Table 9. Youth employment by status in employment and sex (%)

Employment status	Male	Female	Total
Wage & salaried workers (employees)	25.5	15.5	20.8
Self-employed with employees (employers)	2.2	1.5	1.9
Self-employed without employees (own-account worker)	56.1	66.5	61.0
Member of producers cooperatives	0.4	0.3	0.4
Contributing family workers	15.3	15.8	15.5
Not classifiable by status	0.5	0.5	0.5
Total	100.0	100.0	100.0

Source: SWTS-Malawi, 2012.

Distribution of status of employment

Table 9 shows that, as expected in a developing country like Malawi, more than three-quarters (78.4 per cent) of young Malawians are self-employed – 61.0 per cent as own-account workers, 1.9 per cent as employers and 15.5 per cent as contributing family workers. In terms of sex, more young females are in own-account work than young males (66.5 per cent and 56.1 per cent, respectively). At 20.8 per cent, wage employment is the second most common form of employment among young Malawians. More young men (25.5 per cent) than young women (15.5 per cent) are in wage and salaried employment.

Education, wage and salaried employment, and self-employment

Table 10 shows that there are more educated youth among those in wage and salaried employment than in self-employment. This positive relationship between education and wage and salaried employment is more pronounced at the top end of education level. For instance, 4.1 per cent of youth who are in wage and salaried employment have university or other tertiary education, while the corresponding figure for the self-employed is less than 1 per cent.

Table 10. Wage and salaried workers and self-employed by level of completed education (%)

Education	Wage & salaried workers (employees)	Self-employed*
Primary or less (including no school)	51.5	54.7
Primary	25.9	31.3
Secondary	17.5	13.3
University	1.1	0.1
Other tertiary	3.0	0.5
Vocational	1.0	0.1
Total	100.0	100.0

Note: *Self-employed includes employers, own-account workers and contributing family workers.

Source: SWTS-Malawi, 2012.

Wage and salaried workers (employees)

Youth in wage or salaried employment in Malawi are mainly male (64.6 per cent), aged 20 to 29 (59.6 per cent), and located in rural areas (80.2 per cent). Only 14.3 per cent of the sampled youth in wage or salaried employment had a written contract. Those on oral contracts comprised 65.9 per cent of the sample, and those without contracts constituted 19.8 per cent of the sample. Regarding the duration of employment contracts, a majority (56.7 per cent) had limited duration contracts, while the remainder had unlimited duration contracts. Of those on a contract of limited duration, 39.8 per cent engaged in occasional or daily work, 37.8 per cent engaged in specific services or tasks, and 17.5 per cent engaged in seasonal work (table A7).

Table 11 provides a summary of entitlements and privileges provided by employers. These benefits ensure decent work conditions at work and offer workers some security in times of need. The results point to the extremely low provision of benefits. The most common benefit provided to young wage and salaried workers is a meal allowance (31.8 per cent). Only 5.1 per cent of young employees are covered with medical insurance by their employer and 3.1 per cent pay into social security. Only 7.1 per cent of young workers get maternity/paternity leave. These low benefit levels signify that young workers are vulnerable. For instance, if they lose their job, very few young workers will benefit from the protection offered by severance pay or social security.

Table 11. Benefits and entitlements of young wage and salaried workers (%)

Benefit/entitlement	
Transport allowance	8.5
Meal allowance	31.8
Annual paid leave	9.3
Paid sick leave	11.8
Pension	8.3
Severance payment	6.1
Overtime payments	10.0
Medical insurance	5.1
Bonus	7.7
Social security	3.1
Educational & training courses	6.9
Occupation safety	6.6
House/car loan	1.7
House/car allowance	1.3
Maternity/paternity leave	7.1

Source: SWTS-Malawi, 2012.

Table 12 shows the average wages of young Malawians by sex and education level. Generally, young men earn more than young women, although there is some variation across level of education and employment status. The average wage of a young wage or salaried worker is MK13,189 (MK11,538 for young women and MK14,031 for young men). Another important finding is the wage premium that comes with increased education.⁹ For example, the average wage of young male employee with a university education is five times greater than that of a young male employee with no education. For young female employees, there is an eight-fold advantage to gaining a tertiary degree.

Self-employed workers

The informal sector is a dominant feature of most developing countries. The inability of most developing economies to generate formal jobs forces many people into the informal sector. Moving to that sector is not necessarily a sign of desperation. The largest share of young employers and own-account workers said they took up self-employment because they wanted greater independence (35.6 per cent). The second major reason – cited by 23.8 per cent – young employers and own-account workers took up self-employment is that they could not find wage or salaried employment. In addition, 11.2 per cent of young employers and own-account workers said they are self-employed because they lack the skills and education for wage or salaried jobs (table A8). These findings suggest two major types of self-employment prevail among the young in Malawi. Some are self-employment by choice (the independence seekers) while others are self-employed because they have no choice.

⁹ The UN operational exchange rate on 1 September 2012 (at the time of the survey field work) was US\$ = 281.48 Malawian kwacha. The average wage of a young employee in Malawi was therefore the equivalent of US\$46.86 per month. The male university graduate working in paid employment earned the equivalent of US\$236.51 per month compared to US\$175.18 for a young female university graduate.

Table 12. Average monthly income of young wage and salaried workers and self-employed workers by sex and educational attainment

		Wage & salaried workers		Own-account workers & employers		All	
		Mean monthly wage in Malawian kwacha	S.D.	Mean monthly wage in Malawian kwacha	S.D.	All	S.D.
Total		13 189	49.1	4 572	11.3	6 326	13.7
Sex	Female	11 538	61.7	3 866	16.3	4 974	16.8
	Male	14 031	67.1	5 311	15.6	7 556	21.1
Level of education (Total)	None	11 286	89.2	3 180	11.6	4 861	20.9
	Primary	10 536	69.2	5 392	21.5	6 276	21.5
	Secondary	16 117	57.9	7 686	45.7	9 557	38.3
	University	61 265	528.1	10 591	318.7	42 868	440.8
	Other tertiary	37 692	236.2	6 077	92.6	25 214	178.1
	Vocational	*	*	*	*	17 905	146.3
Level of education (Male)	None	14 269	124.8	3 458	11.8	6 376	35.4
	Primary	8 733	30.6	5 730	32.7	6 407	26.4
	Secondary	15 139	51.3	7 635	48.5	9 801	39.3
	University	66 572	740.7	*	*	40 586	587.8
	Other tertiary	46 704	308.8	*	*	34 808	277.4
	Vocational	*	*	*	*	*	*
Level of education (Female)	None	5 570	12.5	2 458	18.7	2 909	16.2
	Primary	15 824	203.6	5 107	28	6 203	34.2
	Secondary	17 698	123.3	5 874	82.5	8 179	71.8
	University	49 310	214.1	*	*	49 474	163.4
	Other tertiary	19 691	143.3	*	*	12 978	117.1
	Vocational	*	*	*	*	*	*

* Response rate is insufficient to produce reliable figures.
S.D. = Standard deviation
Source: SWTS-Malawi, 2012.

In terms of sources of funding for starting their business, 27 per cent of young employers and own-account workers said that no money was needed, 42.1 per cent said they used their own savings to start their business, and 24.3 mentioned their friends and families as a source of capital (table A9). Only about 4 per cent of young employers and own-account workers received their financing from the formal banking system, i.e. microfinance institutions and commercial banks. This is a reflection of the extent and magnitude of financial exclusion in Malawi. It points to the fact that expanding the access and availability of financial services to young workers is needed in Malawi.

Young Malawians who are employers or own-account workers earn much less on average than their counterparts in wage or salaried employment. The survey results show

that the average earnings per month for the self-employed¹⁰ are MK4,572 as compared to MK13,189 for those in wage or salaried employment (table 12). Like the wage and salaried workers, earnings increase for the self-employed with level of schooling. For example, the average earnings of a young self-employed worker with a university education is MK10,591, while it is MK3,180 for a young self-employed worker with no education.

Contributing (unpaid) family workers

Contributing family workers provide employment services in a family establishment or farm without pay. Slightly more contributing family workers are male (51.9 per cent) and the remainder are females. Young contributing family workers are mainly uneducated (63.2 per cent have no education), youthful (65.3 per cent are adolescents aged 15-19) and reside in rural areas (88.3 per cent). Among the reasons for working in a family establishment for no pay, 71.2 per cent said they were required by their family to do so and 13.5 per cent said they could not find a wage or salaried job (table A10).

3.5.3 Sector and occupation of working youth

Sectoral distribution

In terms of the sectoral distribution of young workers in Malawi, overall the survey results indicate that 47.2 per cent work in the agricultural sector (including fishing), 38.7 per cent in the services sector and 14.0 per cent in the industrial sector. Many rural districts in Malawi have experienced population growth rates of 3 per cent or higher. As a result, population density has increased by 50 per cent to 100 per cent in the rural areas of the country since the end of the 1980s (NSO, 2009). In an economy such as Malawi's based on agriculture, this means even greater constraints upon the land. There is thus no question that, in the medium term, the non-agricultural sectors must expand to create employment and reduce poverty as labour-land ratios continue to increase.

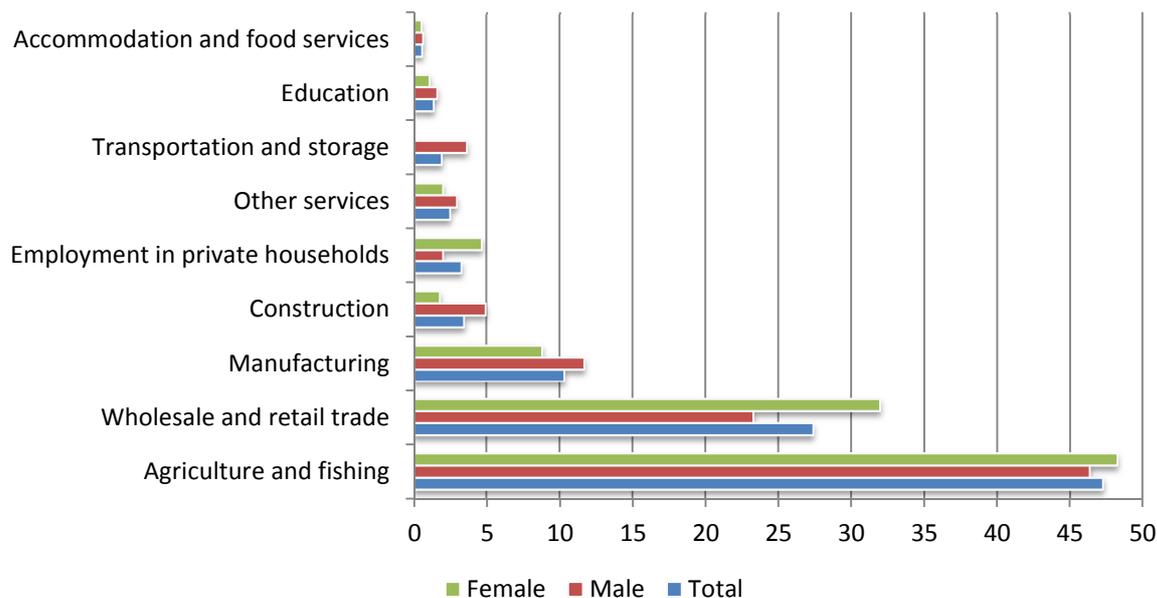
Figure 7 shows the sectoral distribution of youth employment by sex. More young females (48.2 per cent) work in the agricultural sector than young males (46.3 per cent). Young women are also more likely than young men to work in the wholesale and retail trade (31.9 and 23.3 per cent, respectively) and to be engaged in domestic work in a private household (4.7 and 2.0 per cent, respectively). Young men, in contrast, are more prevalent in the manufacturing sector as well as in construction, transportation and education.

Occupation

Figure 8 shows the occupations of youth grouped by the International Standard Classification of Occupations (ISCO). Overall, the survey results show that 45.0 per cent of the employed engage in skilled agricultural or fishery work. This is followed by service workers, shop and market sales workers (33.0 per cent), those in elementary occupations (11.2 per cent) and crafts and related trade workers (6.2 per cent). Notably, the share of young managers and professionals comes to less than 1 per cent of all working youth in the sample. Although the difference is not large, the share of young women is higher than young men in services and sales work and in skilled agriculture. Young men have a higher tendency than young women to engage in elementary occupations, plant and machine operations and crafts-related work.

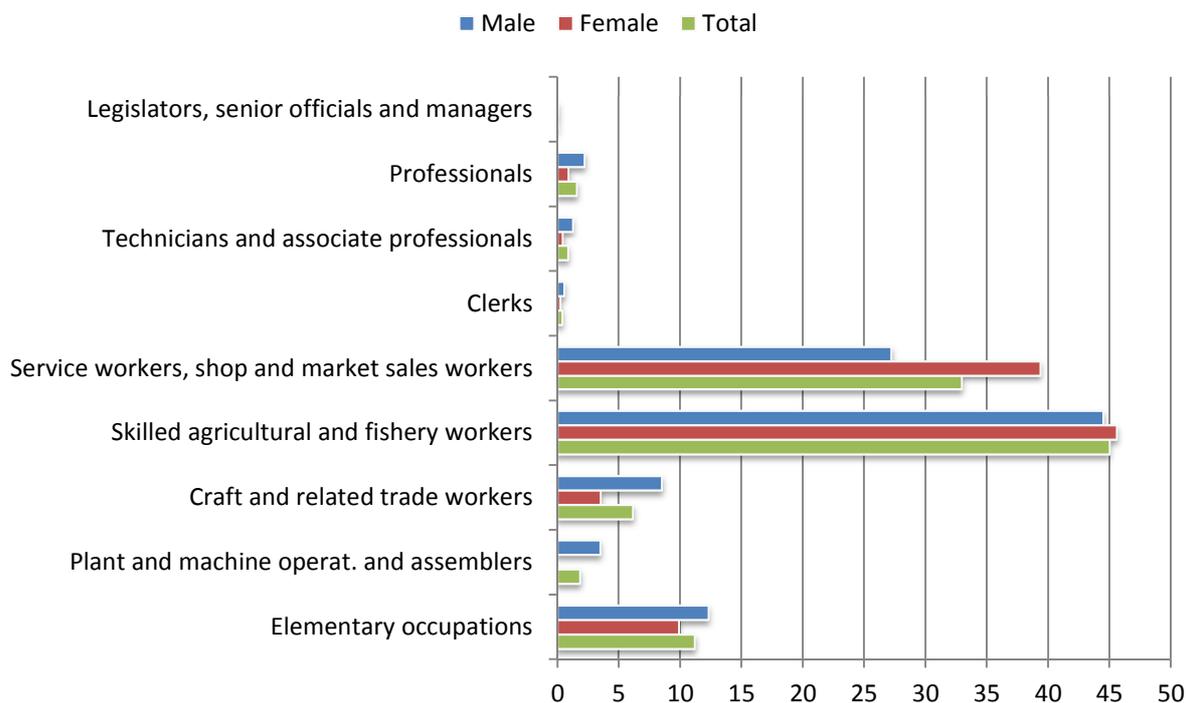
¹⁰ Earnings for the self-employed refer to sales revenue.

Figure 7. Youth employment by 1-digit sector and by sex (%)



Note: Only sectors with shares of total employment greater than 1 per cent are shown.
Source: SWTS-Malawi, 2012.

Figure 8. Employed youth by occupation (ISCO-08) and sex (%)

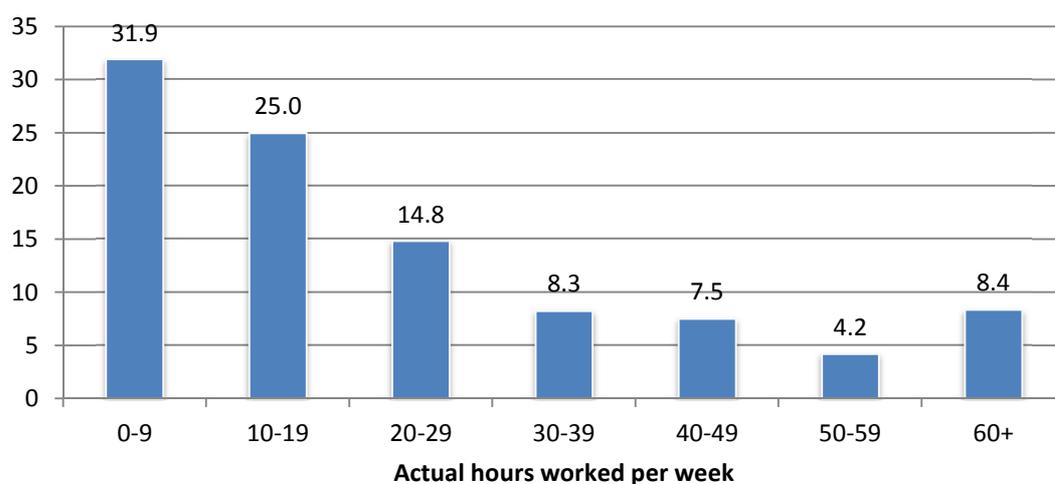


Source: SWTS-Malawi, 2012.

3.5.4 Hours of work

Figure 9 shows the number of hours worked per week by young Malawians. Of particular importance are the very short working hours; nearly one-third (31.9 per cent) of youth worked less than 10 hours during the reference week and 71.7 per cent worked part time, or less than 30 hours per week. The short working hours are a strong indication of the lack of regular jobs and the precariousness of the occasional worker. Short working hours can be positive when voluntary, offering young students an opportunity to earn while in school or young parents the possibility to combine work with household care, but what is more likely is that the short hours are all that are available to many young workers. In fact, 13.8 per cent of young people employed part time (15.6 per cent of young female workers and 12.2 per cent of young male workers) stated that they would like to work more hours.

Figure 9. Employed youth by actual hours worked per week (%)



Source: SWTS-Malawi, 2012.

3.5.5 Other job quality indicators

The SWTS data enables the measurement of the quality of jobs to which young people have access. Figure 10 summarizes the indicators of quality. It shows five quality indicators namely:

- the share of own-account workers and paid employees with below-average weekly wages or income¹¹ (poorly paid);
- the share of overeducated or undereducated workers¹² (qualifications mismatch);
- the share of workers with contract duration of less than 12 months, own-account workers and contributing family workers¹³ (irregular employment);

¹¹ Monthly wages of employees and daily, monthly or other time-specific earnings of own-account workers were converted into weekly rates for comparability. Contributing (unpaid) family workers are excluded from the calculation.

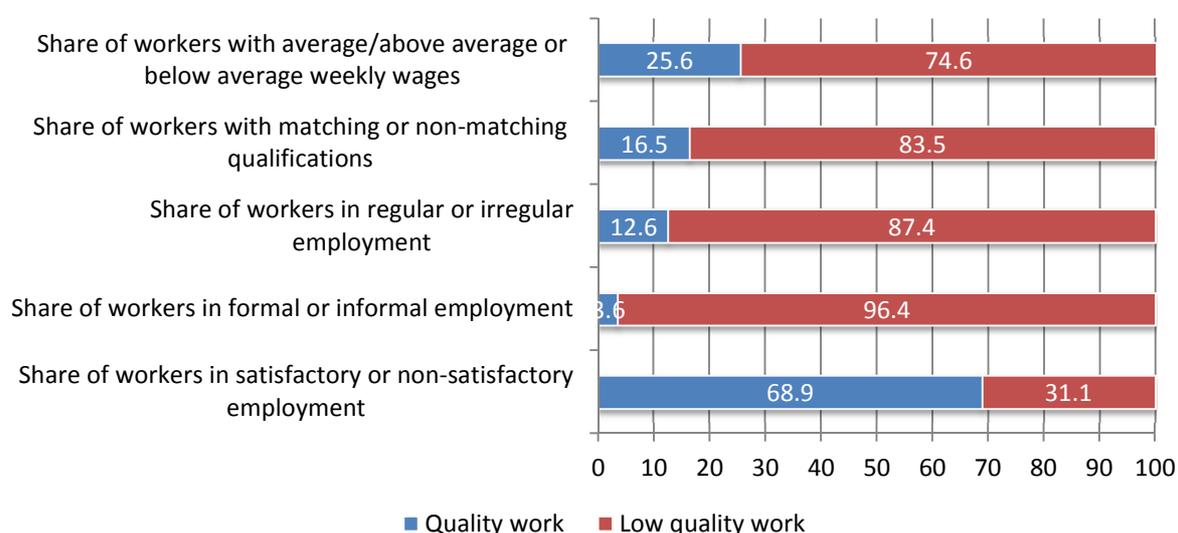
¹² The methodology applied is that of the normative ISCO-based approach described later in this section. Table 13 provides the norms across ISCO and ISCED educational codes.

¹³ Persons not classifiable by status in employment are also included in the category of irregular employment.

- the share of workers in informal employment¹⁴ (informal employment); and
- the share of workers that claim dissatisfaction with their current job (non-satisfactory employment).

The blue bars in the figure represent the shares of better quality employment based on above-average wages, qualifications, stability, formality (security) and satisfaction. Unfortunately, more red appears in the chart, representing “low-quality” work, which indicates numerous issues of concern regarding the quality of available work for youth in the country. Low pay is one issue. Almost three-quarters (74.6 per cent) of employees and own-account workers are taking home less than the average weekly wage. At the same time 87.4 per cent of young workers are in irregular work (self-employment plus employees with temporary contracts). The temporary nature of the contract and sporadic nature of self-employment are likely to affect the sense of security and well-being of the youth.

Figure 10. Indicators measuring quality of youth employment (%)



Source: SWTS-Malawi, 2012.

Informal employment is also a significant concern. Almost all young workers in Malawi are engaged in informal employment (96.4 per cent). Informal employment is made up of two sub-categories: workers in the informal (unregistered) sector and paid employees holding informal jobs in the formal sector. The latter category do earn a salary but do not receive the other benefits, such as social security contributions or paid annual or sick leave, that would normally be associated with a formal job. Many more Malawian youth in informal employment fall within the category of informal sector employment (93.9 per cent) than in the category of informal job in the formal sector (6.1 per cent). Young women in Malawi have a slightly higher chance of working informally than young men (97.5 and 95.4 per cent, respectively).

¹⁴ Informal employment is measured according to the guidelines recommended by the 17th International Conference of Labour Statisticians. It includes the following sub-categories of workers: (a) paid employees in “informal jobs”, i.e. jobs without a social security entitlement, paid annual leave or paid sick leave; (b) paid employees in an unregistered enterprise with size classification below five employees; (c) own-account workers in an unregistered enterprise with size classification below five employees; (d) employers in an unregistered enterprise with size classification below five employees; and (e) contributing family workers.

Another job quality measure is the skills mismatch. Notably, 17.9 per cent of sampled youth felt they were overqualified and 23.7 per cent felt they were underqualified. At the subjective level, this result implies that a serious skills mismatch problem exists in Malawi. Objectively, the skills mismatch between the job that a person does and their level of educational qualification is measured by applying the normative measure of occupational skills categories from the ISCO (ILO, 2013, p. 44). ISCO-08 includes the following categorization of major occupational groups (first-digit ISCO levels) by level of education in accordance with the International Standard Classification of Education (ISCED). Table 13 summarizes the ISCO-based educational classification.

Table 13. ISCO major groups and education levels

ISCO major group	Broad occupation group	Education level
Managers	High-skilled non-manual	Tertiary (ISCED 5-6)
Professionals		
Technicians & associate professionals		
Clerical support workers	Low-skilled non-manual	Secondary (ISCED 3-4)
Service & sales workers		
Skilled agricultural & fishery workers	Skilled manual	
Craft & related trades workers		
Plant & machine operators & assemblers		
Elementary occupations	Unskilled	Primary (ISCED 1-2)

Source: ILO, 2013, table 3.

Workers in a particular group who have the assigned level of education are considered well-matched. Those who have a higher (lower) level of education are considered over- (under-) educated. For example, a university graduate working as a clerk (a low-skilled non-manual occupation) is overeducated, while someone whose highest education level is secondary school but who is working as an engineer (a high-skilled non-manual occupation) is undereducated. Overall, using the ISCO method and looking at those with completed education, 1.7 per cent of young Malawians are overeducated for the work they do, while 81.8 per cent are undereducated.

Table 14 provides more details on the extent of qualifications mismatch among youth in Malawi. The table supports the premise that some highly educated young people in Malawi must “settle” for jobs that they are overeducated for – for example, as clerks (32.9 per cent) or in elementary occupations (13.4 per cent). But by far the bigger challenge is the undereducation of young workers in the country. Many young people hold positions that do not match their level of education. Technicians and associate professionals (major group 3) and skilled agricultural workers (major group 6) have the highest chance of being undereducated; nine in ten workers in these two occupations have not attained the level of education usually expected for such work. Extremely large shares of workers in other occupations are also undereducated, including young professionals (64.3 per cent), clerks (44.1 per cent), service and sales workers (81.0 per cent), crafts workers (81.6 per cent), and plant and machine operators (70.9 per cent). Remarkably, even one-half of workers in elementary occupations – domestic workers, for example – can be said to be undereducated, having not attained even education at the primary level (56.5 per cent). The undereducation of workers can have a negative impact on the productivity of the worker and thus on the output of the enterprise but also, more personally, on the sense of security of the young worker.

Table 14. Shares of overeducated and undereducated young workers by major occupational category (ISCO-08, %)

Major occupational categories (ISCO-08)	Overeducated	Undereducated
1: Legislators, senior officials, managers	0.0	0.0
2: Professionals	0.0	64.3
3: Technicians & associate professionals	0.0	92.0
4: Clerks	32.9	44.1
5: Service workers, shop, market sales workers	1.0	81.0
6: Skilled agricultural & fishery workers	0.0	89.5
7: Craft & related trades workers	0.7	81.6
8: Plant & machine operators & assemblers	0.0	70.9
9: Elementary occupations	13.4	56.5

Source: SWTS-Malawi, 2012.

3.5.6 Security and satisfaction

Figure 10 shows that 68.9 per cent of employed youth were satisfied with their jobs. Additionally, the SWTS results show that job satisfaction depends on the nature of employment. Of the young Malawians who said they were very satisfied with their jobs, 75.4 per cent were self-employed (employers and own-account workers). Only 15.9 per cent of those in wage or salaried employment said they were very satisfied with their work. Ironically, about 70.0 per cent of self-employed workers said they would like to change their employment situation. This paradox can possibly be explained by adaptive preferences where people adapt and adjust to their adverse condition. A dominant reason for wishing to change employment situation is to find better pay (53.1 per cent), followed by the desire to improve working conditions (22.3 per cent). Of the working youth who expressed a desire to change jobs, all of them (100 per cent) took action to do so, looking for a job/activity to replace their current employment.

Table 15. Employed youth by reason for not joining a trade union by sex (%)

Reason	Male	Female	Total
Have negative view of unions	4.1	1.8	2.9
Not aware of any union	53.7	59.9	57.0
Discouraged by employer	0.2	0.0	0.1
Not sure of what unions can do to help me	5.3	2.4	3.7
Never been approached	15.6	13.0	14.2
Never considered joining one	10.8	11.5	11.2
Do not have time	5.1	2.5	3.7
Not interested in public affairs	2.9	6.5	4.8
Other	2.5	2.5	2.5
Total	100.0	100.0	100.0

Source: SWTS-Malawi, 2012.

Unionization among young Malawians is very low. The survey results indicate that only 7.7 per cent of working youth are members of a union. Table 15 shows that a predominant reason for not joining a union is lack of awareness; 57 per cent of sampled young Malawians reported that they were not aware of any union. The second principal

reason – cited by almost 14.2 per cent – is that the youth were never approached to join a union. No gender difference in reasons for not joining a union is discernible. It is notable that a tiny minority (0.08 per cent) said they were not members of a union because they were discouraged by their employers to join one. The nature of the reasons cited suggests that the two union federations – the Malawi Congress of Trade Unions (MCTU) and the Congress of Malawi Trade Unions (COMATU) – have a lot of work to do to raise awareness about their existence and the benefits of union membership.

3.6 Characteristics of unemployed youth

Within the analytical framework of the SWTS, the “relaxed” definition of unemployment is preferred (ILO, 2013, p. 39). Unemployment as defined according to international standards requires a person to meet three criteria for inclusion: they (a) did not work in the reference period, (b) were available to take up a job had one been offered in the week prior to the reference period, and (c) actively sought work within the past 30 days (for example, by registering at an employment centre or answering a job advertisement). The difference in the “relaxed” definition of unemployment (also known as “broad unemployment”) and the “strict” definition is in the relaxation of the “seeking work” criterion. According to international standards, the seeking work criterion may be relaxed “in situations where the conventional means of seeking work are of limited relevance, where the labour market is largely unorganized or of limited scope, where labour absorption is, at the time, inadequate or where the labour force is largely self-employed”.

In most developed economies, a young person must prove that they have actively sought work – by registering at an employment centre or applying for job vacancies, for example – to qualify for unemployment benefits. Very few developing economies offer unemployment benefits to their populations. Young people, therefore, have little motivation to actively seek work when they feel there is none readily available and where labour markets are highly informal. A person without work is more likely to wait for word-of-mouth informal connections to lead to occasional work than to engage in an active job search. Relaxing the active job search criterion from the unemployment definition can have a significant impact on results in low-income economies that lack social protection, and that is the case in Malawi.

Youth unemployment and duration of unemployment

As would be expected, the strict definition of unemployment generates lower unemployment rates for young Malawians (table 16); the strict interpretation of the youth unemployment rate yields less than half the relaxed rate at 7.8 per cent and 18.9 per cent, respectively. Owing to the advantages of applying the relaxed definition of unemployment, it is used in this report henceforth. A gender difference in youth unemployment rates is apparent; the unemployment rate of young females is 25.0 per cent, double that of young males, which stands at 12.5 per cent.

The share of unemployed with unemployment duration of less than 1 year is 52.5 per cent. The shares of young men and women who were unemployed for less than 1 year are 65.5 per cent and 46.6 per cent, respectively. The results show that 31.6 per cent of unemployed youth have been unemployed for more than 2 years. Unemployment while young, especially of long duration, causes permanent scars. For the young, unemployment does not end when the spell ends; it raises the probability of being unemployed in later years and produces a wage penalty (Mroz and Savage, 2006; Gregg and Tominey, 2005).

Table 16. Youth unemployment rates and share of unemployed youth by unemployment duration (%)

	Male	Female	Total
Unemployment rate			
Strict definition	5.6	10.1	7.8
Relaxed definition	12.5	25.0	18.9
Share of unemployed by duration			
Less than 1 year	65.5	46.6	52.5
1 year to less than 2 years	16.2	15.7	15.9
2 years or more	18.4	37.7	31.6

Source: SWTS-Malawi, 2012.

Job search methods

Table 17 shows job search methods used by employed and unemployed young Malawians. The most common (26.4 per cent) method of seeking work among the unemployed is through asking friends, relatives and acquaintances. Some youth were taking action to become self-employed by seeking financial assistance to start a business (20.0 per cent, by looking for materials to set up a business (3.7 per cent), and by applying for a business license (2.3 per cent). Close to one-third of the unemployed youth used more formal methods to find work, including those who registered at employment centres (1.0 per cent), answered advertisements (23.8 per cent), took a test (2.0 per cent) or made direct inquiries at places of business (7.5 per cent). These more formal methods were hardly used by currently employed youth asked to identify how they had found their current job, further demonstrating the low use and the low success rate of formal job search methods in the country.

Table 17. Job search methods of unemployed and employed youth (%)

Method	Employed	Unemployed
Registered at employment centre	0.0	1.0
Placed or answered job adverts	2.9	23.8
Inquired directly at factories, farms, markets, shops or other workplaces	3.3	7.5
Took a test or interview	1.2	2.0
Asked friends, relatives, acquaintances	32.7	26.4
Waited on the street to be recruited for casual work	0.6	4.1
Sought financial assistance to look for work or start a business	11.9	20.0
Looked for land, building, equipment, machinery to start own business or farm	18.0	3.7
Applied for permit or license to start a business	0.1	2.3
No method	24.5	7.6
Other	4.8	1.6
Total	100.0	100.0

Source: SWTS-Malawi, 2012.

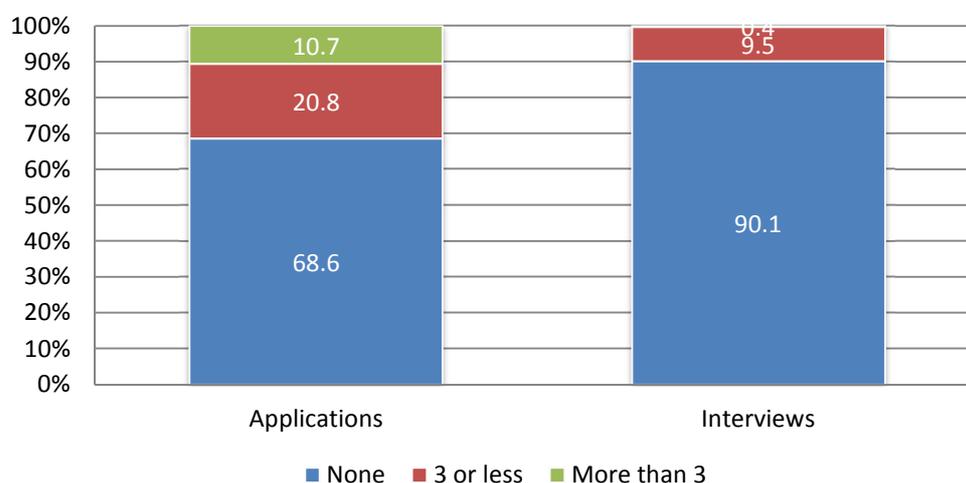
The low use of public and private employment centres is not surprising. These centres face a number challenges in Malawi. Labour offices have limited human resources, equipment such as computers, and finances. In a study of employment agencies in Malawi, Mussa (2012) found that close to 50.0 per cent of private employment agencies had been

operational for less than 2 years and only 14.3 per cent had been in business for more than 7 years. This suggests that private employment agencies are still in their infancy in Malawi.

Interviews and job applications

A majority of young Malawians do not apply for jobs; if they did, however, very few would get interview requests, as illustrated in figure 11. The reference period for this question was the previous 12 months; 68.6 per cent of the unemployed youth did not apply for jobs, and about 20.8 per cent applied for fewer than three jobs. In terms of interviews, 90.1 per cent of unemployed youth did not attend any interviews. Interestingly, the average number of jobs applied for by the unemployed is higher than that by the employed (before their current job). The averages are 1.3 and 0.9 for the unemployed and employed, respectively. A reverse pattern is observed regarding the average number of interviews attended. The average number of interviews attended is 0.13 and 0.17 for the unemployed and employed, respectively. So the results indicate that, on average, relative to the employed, the unemployed applied for more jobs but were invited to fewer interviews.

Figure 11. Unemployed youth by number of jobs applied to and interviews attended (%)



Source: SWTS-Malawi, 2012.

Discouraged youth and others available to work but not actively seeking work

Discouraged workers are defined as those who are not working and who have expressed a desire to work but do not seek work for reasons implying that they felt that undertaking a job search would be a futile effort. The results indicated that 5.9 per cent of youth are discouraged workers. About 64.4 per cent of the discouraged young workers did not look for work because they thought no jobs were available in the areas near their residence. In addition, 19.4 per cent of the discouraged youth did not seek work because they did not know how and where to seek work; 8.9 per cent did not look for jobs because they had looked for job(s) before but had not found any.

In terms of how they spend their time, 91.9 per cent of the discouraged youth use their time to help with family chores, and almost half use their time to meet friends, go dancing or go out to drink or eat. Other activities included listening to music (35.2 per cent), watching television (18.3 per cent), reading or going for a walk, bike riding, playing sports (14.6 per cent) and going shopping (13.2 per cent). Most of the discouraged youth said their main financial resource was their own family (45.3 per cent), their spouse (33.6 per cent) with higher percentages in this category for females (55.3 per cent) than males

(5.2 per cent), their own savings (11.2 per cent) and other financial sources to sustain their inactivity (28.3 per cent).

Expectations of the unemployed

The SWTS attempts to gauge the relative urgency of job searching among the unemployed jobseekers by determining if they have a tendency to reject job offers. The results show that only 4.9 per cent of unemployed youth had refused a job offer. This suggests that unemployed young Malawians are not too choosy about jobs. Among those who refused a job, 29.2 per cent did so because the wages offered were too low (see table A5). The SWTS also collects information about whether youth in Malawi have unrealistic wage expectations. It collects monthly reservation wages, or those wages below which one would not accept a job. Table 18 presents the results. As would be expected, average reservation wages are higher in urban areas than in rural areas, and they are highest among those with university education. Young men have a higher average reservation wage than young women. Of note, the overall average reservation wage of 11,131 Malawian kwacha (MK) is below the monthly reservation wage of the employed, which is MK12,672.¹⁵ The actual average wage received by a young paid employee is MK13,189 (see section 3.5.2). This suggests a fairly realistic expectation of potential wages on the part of young jobseekers.

Table 18. Monthly reservation wages of unemployed youth (Malawian kwacha)

Unemployed youth	Mean	Standard deviation	Minimum	Maximum
Male	11 762.49	11 763.1	700	80 000
Female	10 843.96	15 124.21	200	100 000
Rural	10 074.42	13 644.44	200	100 000
Urban	15 236.55	15 359.83	700	80 000
No education	7 510.04	9 998.64	250	100 000
Primary education	11 972.43	15 643.97	700	100 000
Secondary education	14 996.35	10 494.48	200	50 000
University education	37 198.03	25 866.44	3 000	80 000
Other tertiary education	39 536.42	20 050.86	20 000	70 000
Total	11 130.94	14 143.85	200	100 000

Source: SWTS-Malawi, 2012.

With respect to who the unemployed youth would like to work for, the survey results show that 33.7 per cent would like to be self-employed by owning a business, 25.5 per cent would like to work for the government/public sector, and 24.2 would like to work for a private company (table A6). The fact that one-third of unemployed youth would like to be self-employed speaks volumes about the insufficient availability of regular paid employment in the country. As concerns occupation type, the results show that the top four occupational groups sought by young unemployed are services and sales work (53.2 per cent), elementary occupations (15.7 per cent), professional work (12.8 per cent) and skilled agricultural work (10.0 per cent).

¹⁵ The unemployed youth were asked to identify the monthly wage below which they would not have accepted a job (retrospectively). At the time of the survey field work (September 2012), MK11,130.94 amounted to approximately US\$39.55, MK12,672.03 amounted to approximately US\$45 and MK13,189 amounted to US\$46.86.

Main obstacles of unemployed youth

Young unemployed Malawians were asked to identify what they saw as the main obstacle to finding work. Table 19 reports the results. Supply-side constraints are the principal obstacles to finding work. A major impediment identified by a majority of unemployed youth (56.6 per cent) was that job requirements were higher than education/training received. The lack of available jobs in the economy was seen as the second main obstacle (18.7 per cent). About 9.0 per cent of unemployed youth cited not knowing how or where to look for work as another principal obstacle. Notably, only 3.5 per cent of unemployed youth mentioned lack of experience as an obstacle to finding work. Employers, in contrast, seem to place a great deal of value on the work experience of their job applicants. Results from the LDES show that 45.4 per cent and 52.6 per cent of employers look for job experience when hiring production workers and managers, respectively.

Table 19. Unemployed youth by main obstacles to finding work (%)

Obstacle	%
Requirements for job were higher than education/training received	56.6
Not enough work experience	3.5
Not enough jobs available	18.7
Considered too young	2.1
Being male/female	0.2
Discriminatory prejudices	3.9
Low wages in available jobs	0.5
Poor working conditions in available jobs	0.2
Did not know how or where to seek work	9.0
Other	5.5
Total	100.0

Source: SWTS-Malawi, 2012.

3.7 Characteristics of youth outside the labour market (inactive youth)

Reasons for inactivity

As shown in table 2, 27.9 per cent of youth in Malawi are inactive. A dominant reason for inactivity – mentioned by 39.3 per cent of sampled youth – is school training/attendance. More young males (53.3 per cent) than females (27.4 per cent) were inactive due to attending school.

Current students and preferred fields of study

Slightly more than one-third of the Malawian youth population is currently in school (36.2 per cent), 5.4 per cent has completed their education, 4.4 per cent never went to school and a worrisome 54.0 per cent has some schooling but left before completion. The majority of youth still in school expect to complete higher education (61.7 per cent university and 11.6 per cent other tertiary). The importance placed by Malawian youth still in school on higher education is a positive sign given the expectations of employers as indicated by the employers' survey (see section 5.3). Twenty-three (23.1) per cent of studying youth expect to acquire a secondary-level degree.

Table 20 shows the preferred field of study by current young students. Overall, the most preferred field is social science, preferred by 22.6 per cent of sampled youth. The least preferred field of study is agriculture (0.1 per cent). This is noteworthy considering that Malawi's economy is based in agriculture. Notable gender differences in preferred field of study are perceptible; more young men than young women prefer education/teaching (22.6 per cent and 13.0 per cent, respectively), vocational training (10.8 per cent and 3.0 per cent, respectively), medicine (16.4 per cent and 8.8 per cent, respectively) and marketing (10.5 per cent and 1.0 per cent, respectively). By contrast, more young women than men prefer social sciences (49.0 per cent and 4.9 per cent, respectively).

Table 20. Preferred field of study of current young students by sex (%)

Field of study	Male	Female	Total
Law	4.3	3.9	4.1
Education/teaching	22.6	13.0	18.8
Humanities & arts	1.3	1.7	1.5
Medicine	16.4	8.8	13.4
Social science	4.9	49.0	22.6
Science	3.5	2.1	2.9
Manufacturing	4.6	3.3	4.1
Agriculture	0.1	0.1	0.1
Health	2.9	2.6	2.7
Services	1.4	1.2	1.3
Vocational	10.8	3.0	7.6
Tourism	2.8	0.7	1.9
Civil engineering	0.1	0.7	0.3
Marketing	10.5	1.0	6.7
Journalism	3.1	3.1	3.1
Community development	5.1	4.3	4.8
Other	5.8	1.8	4.2
Total	100.0	100.0	100.0

Source: SWTS-Malawi, 2012.

4. Stages of transition

In the preceding sections, the situation of young Malawians, whether employed, unemployed or inactive, was analysed. The characteristics of the youth in each of these categories were examined. This section looks at another means of classifying youth, based on where they stand in their transition to the labour market. The labour market transition of young people concerns not only the length of time between their exit from education (either upon graduation or early exit without completion) to their first entry into any job, but also qualitative elements, such as whether the job is stable (measured by contract type). Specifically, this section dwells on the concepts and definitions of labour market transition, on the stages of transition by sex, education level, age group and area of residence, on youth who have not started transition, youth in transition, the characteristics of a successful transition, and on transition paths and lengths of transition.

4.1 Concepts and definitions¹⁶

Labour market transition is defined as the passage of a young person from the end of schooling (or entry to first economic activity) to the first stable or satisfactory job. Stable employment is defined in terms of the contract of employment (written or oral) and the duration of the contract (greater than 12 months). Introducing the issue of a contract automatically excludes the employment status of self-employed, where the employment relationship is not defined by a contract. The opposite of stable employment is temporary employment, or wage and salaried employment of limited duration. Satisfactory employment is a subjective concept, based on the self-assessment of the jobholder. It implies that the respondent considers the job to be a good “fit” with their desired employment path at that moment in time. The contrary is termed non-satisfactory employment, implying a sense of dissatisfaction with the job. Based on this definition of labour market transition, the stages of transition are classified as follows:

Transited – A young person who has “transited” is one who is currently employed in:

- a stable job, whether satisfactory or non-satisfactory; or
- a satisfactory but temporary job; or
- satisfactory self-employment.

In transition – A young person still “in transition” is one who is currently:

- unemployed (relaxed definition); or
- employed in a temporary and non-satisfactory job; or
- in non-satisfactory self-employment; or
- inactive and not in school, with an aim to look for work later.

Transition not yet started – A young person whose “transition has not yet started” is one who is currently:

- still in school and inactive (inactive student); or
- inactive and not in school (inactive non-student), with no intention of looking for work.

Two elements of this classification are noteworthy. First, the stages of transition span across the boundaries of economic activity as defined in the standard labour force framework.¹⁷ The “transited” category includes a sub-set of youth classified as employed; the remaining employed fall within the category of “in transition”, which includes the strict definition of unemployed and portions of the inactive (namely, those without work, available for work but not actively seeking work¹⁸ and inactive non-students who have stated an intention to join the labour force at a later stage). The “transition not yet started” category is the residual of the inactive population.

Second, the stages of transition are not intended to be a normative framework. Because of the inclusion of youth in satisfactory self-employment and satisfactory

¹⁶ This section is adapted from ILO (2013), chapter 5.

¹⁷ The international guidelines for measuring statistics on the economically active population, set out by the 13th International Conference of Labour Statisticians (ICLS) in 1982, provide the framework for measuring who is counted as employed and as unemployed according to the economic production boundaries set out by the System of National Accounts.

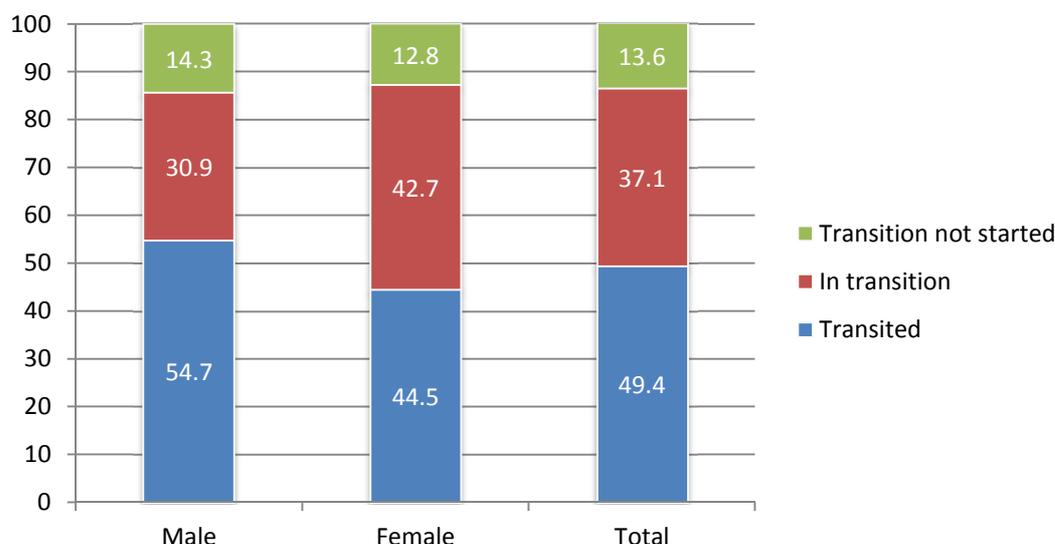
¹⁸ This is the portion added to the “strictly” unemployed category to make up the unemployed (relaxed definition).

temporary employment, one cannot say that all young people in the transitioned category have transitioned to a “good” job. In fact, a majority of young people in self-employment – the own-account workers and unpaid family workers – are among the poorly paid workers in the informal economy and thus are included in the “low” work quality segment shown in figure 10. By definition, they make up the bulk of the country’s share of irregularly employed. Yet they have expressed a degree of satisfaction with their job, and they are likely to have finished their transition in the sense that they will remain in the self-employed classification for the remainder of their working lives.

4.2 Stages of transition by sex, education level, age group and area of residence

Overall, the survey results show that young Malawians have either completed their transition to stable and/or satisfactory self-employment (49.4 per cent) or they are in transition (37.1 per cent). A small minority, 13.6 per cent, are yet to start their transition. The high number of youth who are in transition or have transitioned is a reflection of low levels of school attendance and high school dropout rates in Malawi. Figure 12 shows stages of transition by sex and confirms that young male Malawians have a better chance of completing the transition to stable and/or satisfactory employment than young females (54.7 and 44.5 per cent, respectively). Young women, on the other hand, have a greater tendency than young men to remain in transition. Table 21 provides further evidence of gender differentials in transition outcomes: the female share of transitioned youth is 47.0 per cent and of those in transition is 60.1 per cent.

Figure 12. Youth population by stages of transition and sex (%)



Source: SWTS-Malawi, 2012.

The upper age bands are more greatly represented among the two transition stages, which is not surprising since the 15–19 year-olds overlap with the typical ages of schooling for those who remain in school through at least the secondary level. Regarding the area of residence, the division of the youth population between urban and rural areas is strongly reflected in the results. As a large majority of youth live in rural areas, the share of rural youth is significantly higher than that of urban youth across the three stages of transition.

Table 21. Youth population by stage of transition and selected characteristics (%)

	Transited	In transition	Transition not yet started
Sex			
Male	53.0	39.9	50.6
Female	47.0	60.1	49.4
Total	100.0	100.0	100.0
Age group			
15–19	17.9	26.9	83.6
20–24	38.5	39.3	13.0
25–29	43.6	33.8	3.4
Total	100.0	100.0	100.0
Area of residence			
Rural	88.3	85.5	77.5
Urban	11.7	14.5	22.5
Total	100.0	100.0	100.0

Source: SWTS-Malawi, 2012.

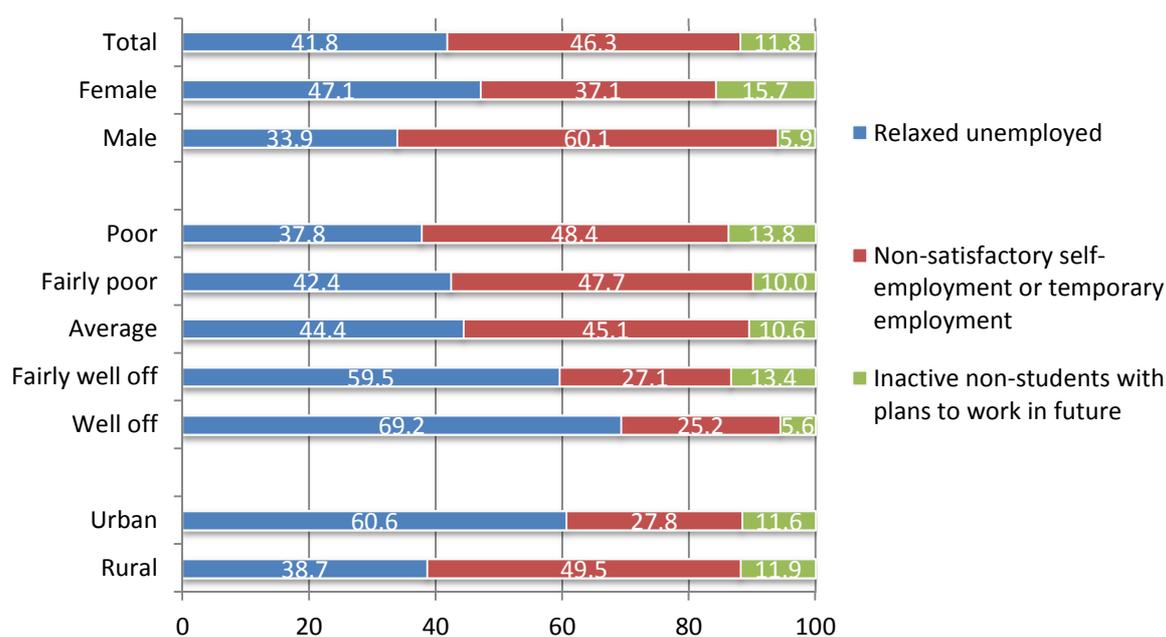
4.2.1 Youth who have not started transition

The results of the SWTS show that most of the youth population (92.3 per cent) that has not started the transition is in school and only 7.7 per cent is currently inactive and not in school with no intention of looking for work. Young men and women are almost equally represented among the inactive students (50.6 per cent are male and 49.4 per cent are female). The gender balance breaks down completely, however, in the category of inactive non-students with no plans to join the labour market in the future. Young women constitute 80.0 per cent of the sub-category. Of total male youth who have not yet started their transition, only 1.8 per cent are inactive and not in school, while 98.2 per cent are in education. For young women, the shares are 13.7 per cent inactive and not in school, and 86.3 per cent in school.

4.2.2 Youth in transition

A young person is classified as in transition if they are either unemployed (relaxed definition), engaged in self-employment or in a paid temporary job that they have expressed dissatisfaction with, or are an inactive non-student with an attachment to the labour market, indicated by their desire to work in the future. In Malawi, a large share of youth is classified as in transition because they are in non-satisfactory self-employment or temporary employment (46.3 per cent). Another 41.8 per cent of youth are in the category because they are unemployed, and 11.8 per cent fall in the sub-category of inactive non-students with plans to work in the future. Young women in the in-transition category are more likely than young men to be unemployed or inactive non-students (figure 13). Unemployment is also more likely the domain of urban than rural youth and youth from above-average income households. Youth from poorer households, on the other hand, are more strongly represented in the sub-category of non-satisfactory temporary employment or self-employment.

Figure 13. Youth in transition by sub-category and sex, area of residence and household income level (%)



Source: SWTS-Malawi, 2012.

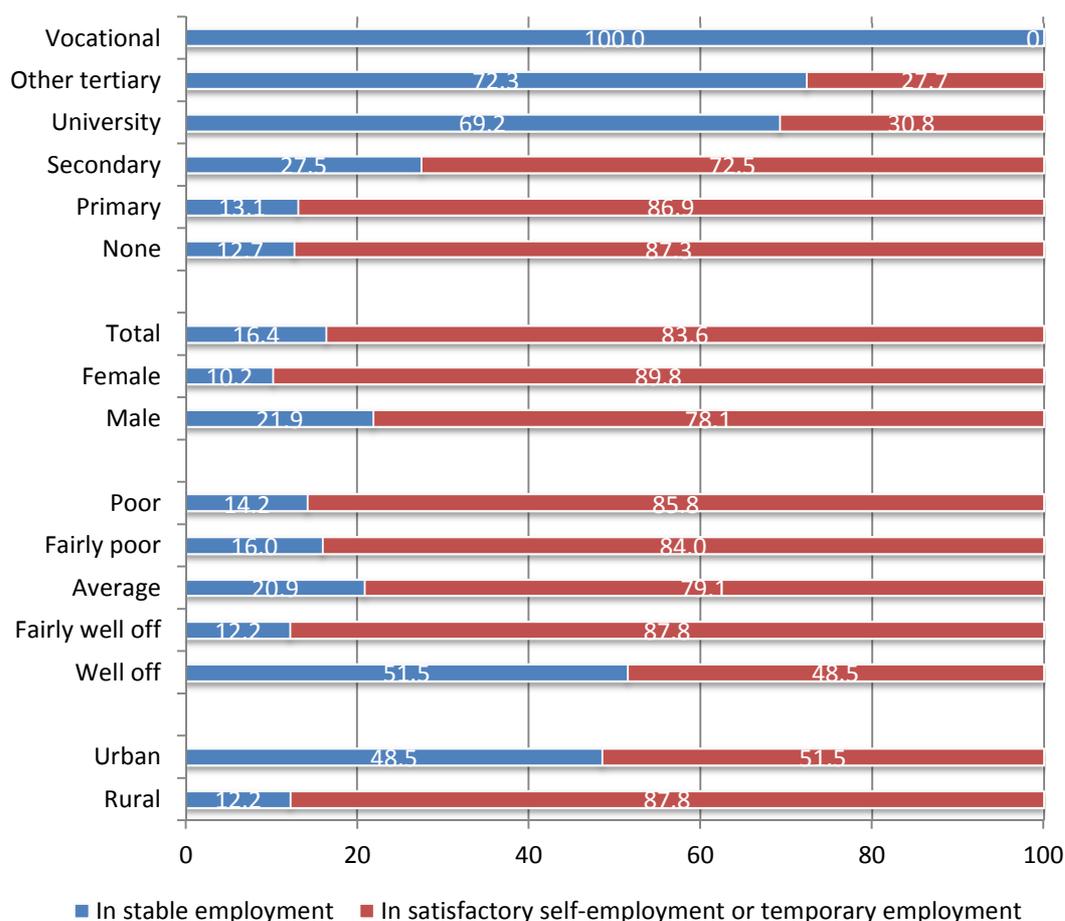
4.2.3 Characteristics of a completed transition

Only a small portion of transited youth has attained stable employment (16.4 per cent). By far the largest share within the transited category is young people who are in satisfactory self-employment or temporary employment (83.6 per cent). Certainly there are job quality implications for the youth in the various sub-categories of completed transition. The young person may have stopped shifting between labour market categories but many of those in self-employment are unlikely to have attained quality employment. Figure 14 shows which characteristics are more likely to result in a transition to the most advantageous category of stable employment compared to the second-best category of satisfactory self-employment or temporary employment.

Young men who have completed their transition to the labour market have a higher likelihood to attain stable employment than young women (21.9 and 10.2 per cent, respectively). The share of transited youth in stable employment is significantly higher than youth in satisfactory self- or temporary employment in urban areas and among youth coming from higher income households. The likelihood to attain satisfactory self- or temporary employment, in contrast, has an inverse relationship to the level of household wealth.

The more dramatic results pertain to education level. The higher the educational attainment of youth, the more likely they are to find stable employment. Two-thirds (69.2 per cent) of transited youth in stable employment have a university degree compared to 30.8 per cent of transited youth in satisfactory self- or temporary employment. Those with a secondary level education have a higher likelihood to attain stable employment than those with primary or no education. The transited youth with primary or no education are nearly seven times more likely to have transited to satisfactory self-employment or temporary employment rather than to stable employment.

Figure 14. Transited youth by sub-category and sex, area of residence, household income level and educational attainment level (%)



Source: SWTS-Malawi, 2012.

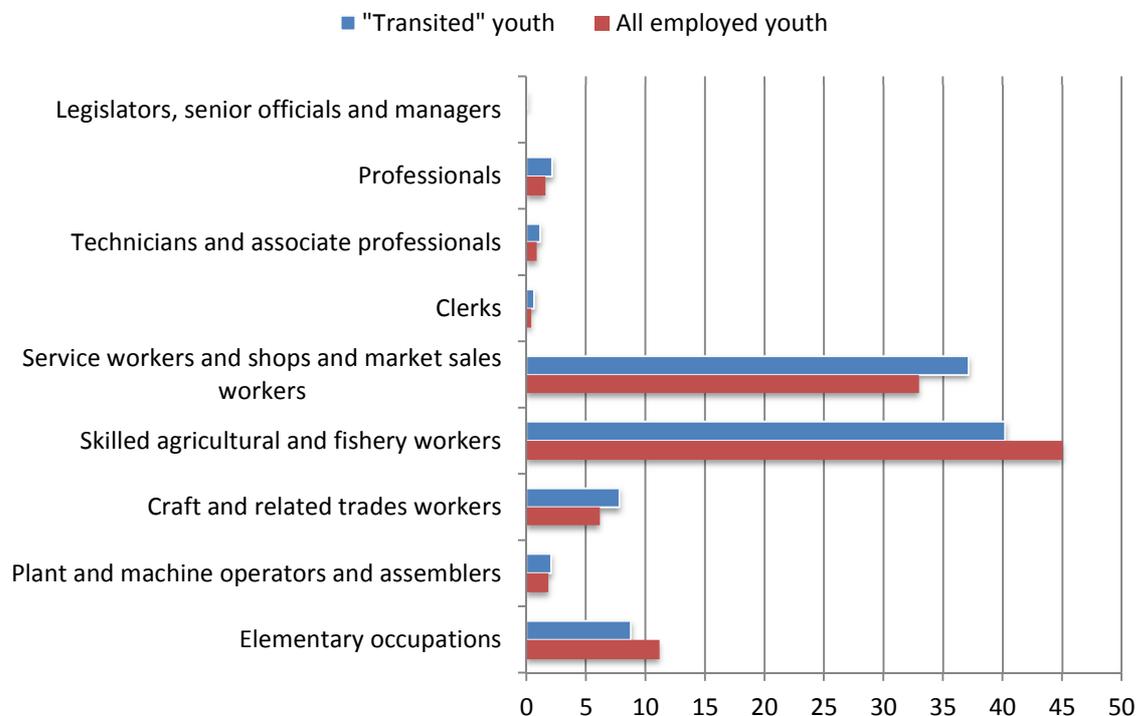
Figure 15 shows the occupations into which the youth transited. Comparing the occupations of transited youth to that of all employed youth can provide information on which occupations provide the more stable and satisfactory jobs. Agricultural work is the most dominant (40.2 per cent) form of work that youth transition into, followed by service and sales work (37.2 per cent). The other groups comprising skilled workers such as managers, professionals, and technicians and associate professionals attracted only 4.1 per cent of the total transited sample. These results suggest that most transited youth go into jobs requiring unskilled, manual and low education levels. The low skilled nature of the transition is a reflection of the low education level of young Malawians. The results of the LDES described in Section 5 validate this conclusion, as they indicate that the vacancies that are hardest to fill fall under the category of jobs requiring higher skills.

There are only slight variations between the broader employment distribution of youth by occupation and the share of youth in stable and/or satisfactory employment. The latter group (transited youth) are slightly less represented in elementary occupations (8.8 per cent compared to 11.2 per cent for all workers) and in agricultural work (40.2 per cent compared to 45.0 per cent). This suggests that many youth working in elementary occupations and in agriculture are dissatisfied with their work and are therefore classified as remaining in transition.

It is evident that most transited youth are absorbed by jobs requiring unskilled, manual and low education levels. Jobs requiring educated and skilled workers, such as managers and professionals, technicians and associate professionals, are rarely filled by

youth. These occupations are mostly occupied by older Malawian workers or by foreign expatriates. The LDES showed that a large number of vacancies designated as “hard-to-fill” by employers are in the higher-skilled professions (table 31).

Figure 15. Transited youth by sub-category and total employed youth by major occupation group (ISCO-08, %)



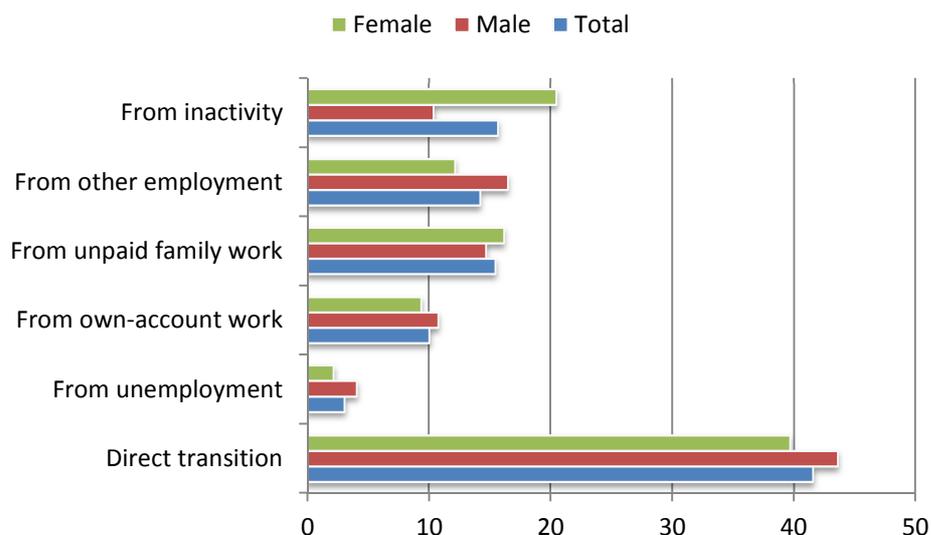
Source: SWTS-Malawi, 2012.

4.3 Transition paths and lengths of transition

Figure 16 shows that all in all the single most dominant way of transitioning into employment is the direct path, with 41.5 per cent of transited youth moving directly to their current stable and/or satisfactory position. This suggests that 41.5 per cent of youth had no intermediary spells before acquiring their current job. It also points to the fact that youth in Malawi are less inclined to “shop around” in the labour market. Smaller percentages of young people transited from other paths: 15.7 per cent from inactivity, 15.5 per cent from unpaid family work, 14.2 per cent from another category of employment, 10 per cent from non-satisfactory own-account work, and only 3.5 per cent moved to their current position after a period of unemployment. In terms of gender, the results show that more males (43.6 per cent) than females (39.7 per cent) made the direct transition into employment. The reverse can be observed in the category of transition from inactivity, which includes more young females (20.5 per cent) than young males (10.4 per cent).

Eight in ten (82.0 per cent) of the youth who transited directly went straight to satisfactory self-employment. Only 18.0 per cent attained stable employment and another 2.2 per cent temporary employment. One of the most disturbing statistics regarding the labour market transition of youth in Malawi is the 22.8 per cent share of youth who completed their labour market transition before the age of 15. Given the weak educational system in the county, it appears that child labour is still the only option for far too many youth in Malawi.

Figure 16. Flows to stable and/or satisfactory employment (transited category, %)



Source: SWTS-Malawi, 2012.

Table 22 shows additional transition path indicators. For those youth who did not transit directly to stable or satisfactory employment, the path to transition involved, on average, approximately 1.6 intermediary labour market activities – whether unemployment, employment or inactivity – prior to completing the labour market transition. The average time spent in intermediary activities was quite lengthy. The results show that youth who did not transition directly took, on average, 22.6 months (almost 2 years) in the labour market before attaining transited status.

Table 22. Indicators on the path of transition for youth who completed their labour market transition

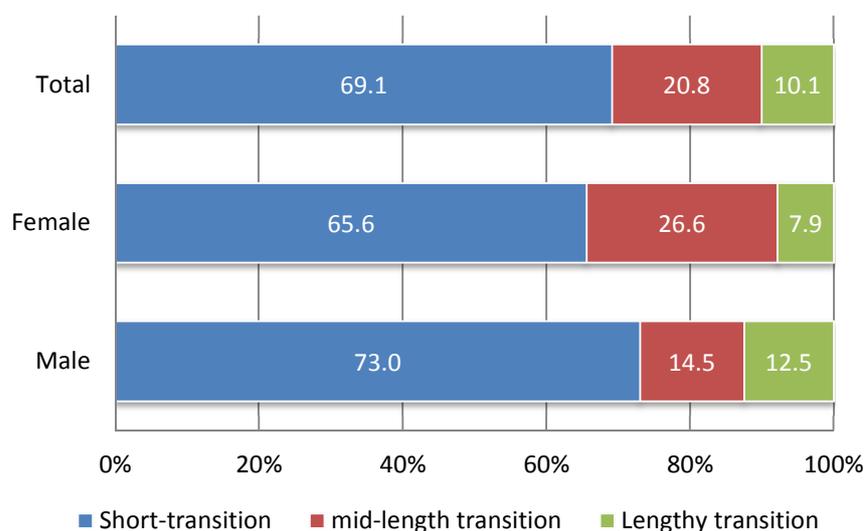
Indicators	Total	Male	Female
Average length of transition (months) – excluding direct transition	22.6 months	19.8 months	25.0 months
Average length of transition (months) – including direct transition	13.2 months	11.2 months	14.5 months
Average length of transition to stable employment (months) – including direct transition	11.7 months	10.3 months	14.3 months
Average length of transition to satisfactory self- or temporary employment (months) – including direct transition	13.4 months	11.4 months	15.1 months
Average number of intermediary activities	1.6	1.6	1.6
Average number of unemployment spells	1.0	1.0	1.0
Average length of unemployment spells (months)	27.1 months	23.8 months	31.9 months
Average number of temporary employment spells	1.3	1.1	1.6
Average length of temporary employment spells (months)	22.1 months	29.8 months	9.0 months
Average number of spells of self-employment	1.2	1.2	1.3
Average length of spells of self-employment (months)	38.6 months	39.1 months	38.2 months

Source: SWTS-Malawi, 2012.

The results indicate that, on average, young Malawians experienced one spell of unemployment in their transition path, but that spell was long, an average of 27.1 months. Regarding sex, the results show that on average young transited females spent longer in unemployment than young males (31.9 months and 23.8 months, respectively). The results also show that young transited males spent more time in self-employment than young transited females (an average of 29.8 months and 0.9 months, respectively). Notably, the average length of time spent in self-employment is almost similar for young transited men and women.

The ILO has also developed a classification system for the length of transition period of youth who have completed the transition.¹⁹ Figure 17 shows the results based on this classification. Overall, the duration of 69.1 per cent of youth who transited into stable and/or satisfactory employment was classified as short, the duration of 20.8 per cent was qualified as mid-length, and the duration of the remaining 10.1 per cent was classified as lengthy. The dominance of short transit periods is simply a reflection of the fact that a majority of young Malawians are direct transits (see figure 16). Differences can be observed in relation to sex; 73.0 per cent of transited young men experienced short transition periods while just over 65.5 per cent of transited young women fall in this category.

Figure 17. Length of transition of youth who have completed the transition by sex



Source: SWTS-Malawi, 2012.

¹⁹ A **short transition** is classified as one in which, before obtaining the current satisfactory/stable job, the young person underwent: (1) a direct transition; or (2) a spell (or cumulative spells) of stable or satisfactory employment with no spell of unemployment or inactivity; or (3) a spell (or cumulative spells) of employment of less than or equal to 1 year with no spell of unemployment or inactivity where the job(s) held is(are) classified as non-satisfactory self- or temporary employment; or (4) a spell of unemployment with or without spells of employment or inactivity of less than or equal to 3 months; or (5) a spell of inactivity of less than or equal to 1 year. A **mid-length transition** is classified as one in which, before obtaining the current satisfactory/stable job, the young person underwent: (1) a spell (or cumulative spells) of non-satisfactory self- or temporary employment of between 1 and 2 years with no spell of unemployment or inactivity; or (2) a spell of unemployment with or without spells of employment or inactivity of between 3 months and 1 year; or (3) a spell of inactivity longer than 1 year. A **lengthy transition** is classified as one in which, before obtaining the current satisfactory/stable job, the young person underwent: (1) a spell (or cumulative spells) of non-satisfactory self- or temporary employment of 2 years or over with no spell of unemployment or inactivity; or (2) a spell of unemployment with or without spells of employment or inactivity of 1 year or over.

Unfortunately, the youth who remain in transition are likely to stay within the category for an extremely long time. The data show that youth remaining in transition spent, on average, more than 6 years (77 months) within the category (meaning they have been unemployed, in non-satisfactory self- or temporary employment, or inactive non-students with plans to work, or any combination of the three). The length of time already spent in transition is longer for the young female than for the young male (83 months and 65 months, respectively). In fact, given the length of time young people in Malawi remain in transition, the conclusion is that the youth are highly unlikely to attain a completed transition to stable or satisfactory work before they reach adulthood (or the age of 29, the upper limit of the “youth” definition applied here).

5. Creating jobs for young people: The employers’ perspective

The SWTS results discussed so far show the supply-side view, which is only half of the picture; the other half is the labour demand view. This section examines the results of the labour demand enterprise survey (LDES) to identify occupations in demand and whether or not young people are capable of filling the available jobs. It specifically dwells on the characteristics of enterprises, recruitment of workers, hiring preferences of enterprises, skills assessment of young workers, education and training, and labour demand.

5.1 Characteristics of enterprises

The LDES results show that the average ages of the sampled enterprises were 7.5 years for urban and 6.8 years for rural businesses. Cooperatives were the oldest enterprise type with the average age of 10.7 years while non-profit organizations were the youngest with an average age of 1.5 years. A significant majority (92.2 per cent) of the enterprises do not belong to a trade association or employers’ group. Only 4.8 per cent of the enterprises have foreign workers. Table 23 presents the distribution of enterprise types by size. The results show that non-profit organizations tend to be the smallest with each employing less than five workers. As might be expected, foreign companies tend to be larger; 26.3 per cent have 26 or more employees.

Table 23. Type of enterprise by number of employees (%)

Type of enterprise	Five or less	6 to 25	26 to 50	More than 50	Total
Family business	84.9	12.9	1.3	0.9	100.0
Government sector	50.0	50.0	0.0	0.0	100.0
Branch of a foreign company	36.8	36.8	10.5	15.8	100.0
Private company	71.8	22.4	1.2	4.7	100.0
Joint venture	47.6	47.6	0.0	4.8	100.0
Non-profit organization	100.0	0.0	0.0	0.0	100.0
Cooperative	33.3	66.7	0.0	0.0	100.0
Other	71.4	21.4	7.1	0.0	100.0
Total	80.9	15.9	1.6	1.7	100.0

Source: LDES-Malawi, 2012.

The LDES sought to find the main obstacles enterprises face in Malawi. The results are summarized in table 24. The most important obstacle for enterprises is accessing financial services – cited by 52.2 per cent – followed by the lack of marketing services,

mentioned by 10 per cent of enterprises. Notably, the quality of the labour force was mentioned by only 3.3 per cent of enterprises as the most important problem. Additionally, labour shortages – cited by only 1.8 per cent – and high labour costs – cited by only 2.9 per cent – do not seem to be major obstacles. In a nutshell, the results suggest labour related challenges are not regarded as major problems by enterprises in Malawi.

Table 24. Main obstacles faced by the enterprise (%)

Obstacle	Most important problem	Second most important problem
Business information	2.0	1.8
Marketing services	10.1	5.5
Financial services	52.2	9.5
Legal regulations	2.6	2.1
Competition in domestic market	6.0	7.4
Competition in export market	1.1	0.5
Quality of labour force	3.3	3.5
Labour shortages	1.8	3.9
Political uncertainties	0.9	1.2
Productivity	1.1	2.1
Access to technology	4.6	17.3
Product development	0.2	4.4
Labour costs	2.9	7.1
Costs of product material & energy	2.4	14.3
Other	8.8	19.6
Total	100.0	100.0

Source: LDES-Malawi, 2012.

5.2 Recruitment of workers

Enterprises were asked to identify their most frequently used method for hiring workers for managerial/professional jobs and production/elementary jobs. The results are shown in table 25. Enterprises indicated they mainly use advertisements (47.4 per cent), personal networks such as friends and relatives (37.5 per cent) and promotion within the enterprise (9.9 per cent) to hire workers for managerial and professional jobs. A slightly different recruitment pattern can be observed in the hiring of production staff, where the most dominant recruitment method is personal networks (58.8 per cent) and advertisements (28.0 per cent). Employers' recruitment methods seem fairly consistent with the job search methods used by both employed and unemployed youth. The results pertaining to job search methods (table 17) revealed that 32.7 per cent of employed and 26.4 per cent of unemployed youth used friends and family networks to search for jobs.

Table 26 shows recruitment methods by enterprise size. The results show that small enterprises – those with less than 6 employees – use a variety of recruitment methods. As would be expected, large enterprises – those with more than 50 employees – have a strong preference for using advertisements to hire managers/professionals and production workers.

Table 25. Recruitment methods to fill vacancies (%)

Method	Managers/professionals	Production workers/elementary occupations
Advertisements	47.4	28.0
Educational/training institutions	1.0	1.0
Public/private employment services	3.2	2.4
Friends & relatives	37.5	58.8
Promotion within the enterprise	9.9	8.3
Other	1.0	1.4
Total	100.0	100.0

Source: LDES-Malawi, 2012.

Table 26. Recruitment methods by size of enterprise (%)

Recruitment method	Enterprise size				Total
	<6	6 to 25	26 to 50	>50	
Managers/professionals					
Advertisements	58.1	29.8	5.8	6.3	100.0
Educational/training institutions	100.0	0.0	0.0	0.0	100.0
Public/private employment services	69.2	30.8	0.0	0.0	100.0
Friends & relatives	82.8	16.6	0.0	0.7	100.0
Promotion within the enterprise	70.0	30.0	0.0	0.0	100.0
Other	75.0	0.0	25.0	0.0	100.0
Production workers/elementary occupations					
Advertisements	59.9	27.8	6.8	5.6	100.0
Educational/training institutions	83.3	16.7	0.0	0.0	100.0
Public/private employment services	64.3	35.7	0.0	0.0	100.0
Friends & relatives	85.0	14.1	0.6	0.3	100.0
Promotion within the enterprise	66.7	31.3	0.0	2.1	100.0
Other	75.0	12.5	0.0	12.5	100.0

Source: LDES-Malawi, 2012.

5.3 Hiring preferences of enterprises

Table 27 outlines enterprises' selection criteria when hiring. The enterprises were asked their preferences with regard to candidates' sex, age, training, marital status, job experience, ethnic belonging, attitude, appearance and expectations. The hiring preferences for managers/professionals and production workers are quite similar. Job experience is the most important quality that employers look for, followed by training/education. The age of the prospective employee is the third most important factor employers consider when hiring workers. Interestingly, only 1.5 per cent of employers consider the sex of the applicant when hiring managers/professionals while 4.2 per cent of employers take into account the sex of applicants when hiring production workers.

Table 27. Hiring preferences of enterprises (%)

Characteristics	Managers/professionals	Production workers/elementary occupations
Sex	1.5	4.2
Age	7.2	12.5
Training	25.5	15.0
Marital status	2.1	4.2
Job experience	52.6	45.4
Ethnic belonging	0.6	1.6
Attitude	5.3	10.1
Appearance	0.6	2.2
Expectations	1.1	1.1
Other	3.5	3.8
Total	100.0	100.0

Source: LDES-Malawi, 2012.

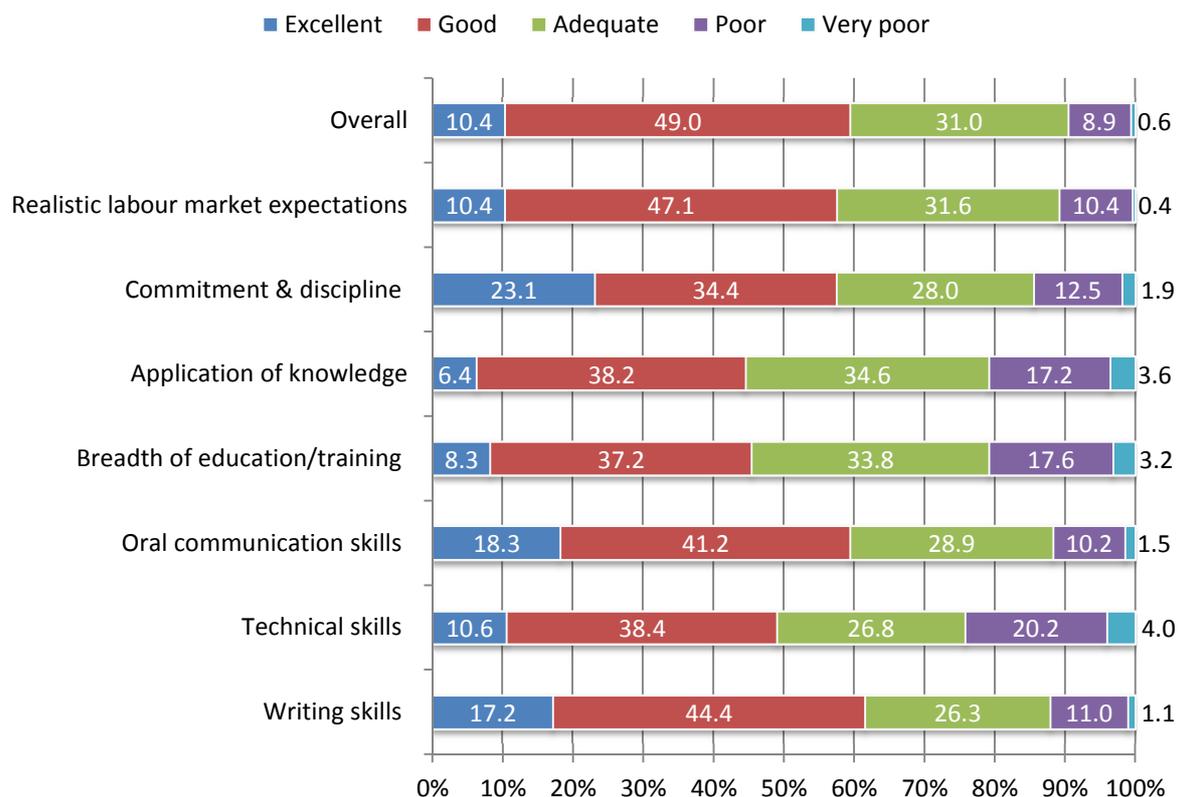
These findings can be cross-referenced with unemployed youth's opinions of what constitutes the main obstacles to finding work, as outlined in table 19. The SWTS results showed that supply-side constraints were principal obstacles to finding employment. The mismatch should be noted, however, between what the youth consider to be the main obstacles to finding a job and what employers look for when hiring. Only 3.5 per cent of unemployed youth said that work experience is a major obstacle, while, as just shown, job experience is the number one quality employers look for when hiring.

5.4 Skills assessment of young workers

The survey asked employers to rate the skills of young applicants, including their writing, technical and communication abilities, the breadth of their education/training, the application of knowledge to work, their commitment and discipline, and whether or not they had realistic expectations about the labour market. Figure 18 presents the findings. The assessment is generally positive. The highest rated area relates to expectations of the labour market, which 89.1 per cent of employers considered to be at least adequate. The lowest rated is technical skills, with 75.8 per cent of employers indicating that the technical skills of youth are at least adequate. The overall results suggest that employers are generally satisfied with the skills levels of young Malawians.

Table 28 looks at young people's aspirations from the perspective of employers. The ranking is clear here, with employers holding the view that for Malawian youth applying for jobs, money comes first. The results indicate that 74.7 per cent of employers believe young people want to earn lots of money. Only 9.4 per cent of employers held the opinion that youth look for an interesting job that motivates them. The views of the employers are consistent with the aspirations and goals of young Malawians as revealed by the SWTS. The results illustrate that both young men and women viewed having a good family life (34.1 per cent) and making lots of money (29.1 per cent) as their leading goals in life.

Figure 18. Employers' assessment of youth's skills (%)



Source: LDES-Malawi, 2012.

Table 28. Employers' perspective of youth's (15–29) aspirations when applying for jobs (%)

Aspiration	Most important aspect	Second most important aspect
Interesting job	9.4	25.0
Status aspect of job	2.5	4.5
Earn lots of money	74.7	15.5
Clear career path	1.3	0.9
Job that uses skills & abilities	2.4	7.0
Job security	4.6	22.3
Decision-making ability	0.1	1.7
Enhanced vacation time	0.0	0.7
Easy pace of work	1.2	6.3
Independent working	3.0	8.0
Family-friendly job	0.4	4.7
Travel opportunities	0.0	0.5
Other	0.4	3.1
Total	100.0	100.0

Source: LDES-Malawi, 2012.

5.5 Education and training

Results from the SWTS in section 3.5.5 revealed high levels of skills mismatch among employed young Malawians. It was shown that overall, using the ISCO method and looking at those with completed education, 1.7 per cent of young Malawians are overeducated for the work they do, while 81.8 per cent are undereducated. One means of addressing the qualifications mismatch and making sure that young workers have the necessary skills to best perform their jobs is to offer on-the-job training. A trained worker has the possibility to be more efficient, effective and better motivated at work than an untrained (and hence insecure) worker. The results show that 11.3 per cent of enterprises offered training to their workers; of these, 90.4 per cent provided job-related training. Table 29 reveals the average number of employees who were given on-the-job training according to enterprise size. A positive relationship exists between the average number of workers trained and enterprise size. Small enterprises on average trained the smallest number of workers (average 1.6) while the large enterprises trained an average of 160 workers.

Table 29. Average number of workers trained by size of enterprise

Enterprise size/employees	Average	Standard deviation
Less than 6	0.1	0.5
6 to 25	0.9	2.0
26 to 50	7.7	12.4
More than 50	160.8	317.8

Source: LDES-Malawi, 2012.

Another solution to the skills mismatch problem is to offer students internships. The LDES results show that 1.6 per cent of small enterprises and 57.1 per cent of large enterprises participated in an internship programme with an educational or training institution.

5.6 Labour demand

Enterprises' perspectives regarding their growth prospects were largely bullish. About 27.9 per cent of enterprises expected a significant expansion in volume over the next 12 months, 41.7 per cent perceived only a minor increase and the remaining 30.4 per cent thought business growth would remain unchanged or decrease.

Occupations in demand

Employers were asked to identify the possible vacancies they thought would open up over the coming 2 to 3 years. Table 30 provides a ranking of the occupations expected to expand over that period. The growth prospects are skewed towards low paying and insecure jobs. The results show that the strongest demand is expected to be for domestic workers (48.2 per cent), followed by food preparation assistants (11.7 per cent) and personal service workers (8.1 per cent). It is noteworthy that the occupations that have good growth prospects fall outside the category that would offer decent work. The fact that low paying jobs have good prospects might have negative implications as income inequalities may worsen.

Table 30. Availability of vacancies over the next 2 to 3 years by occupation (%)

Occupation	%
Domestic workers	48.2
Food preparation assistants	11.7
Personal service workers (excluding domestic workers)	8.1
Market-oriented skilled agricultural workers	6.8
Processing food/wood/etc.	5.5
Electrical & electronic trades workers	4.2
Metal, machinery & related trades workers	4.2
Building & related trades workers	3.2
Cleaners & helpers	2.3
Health professionals	1.0
Hospitality/retail/other service managers	1.0
Administrative/commercial/financial managers	0.7
Health associate professionals (excluding traditional midwives)	0.7
Production/specialized service managers	0.7
Stationary plant/machine operators	0.7
Legal/social/cultural professionals	0.3
Numerical/material recording clerks	0.3
Personal care workers	0.3
Protective services workers	0.3
Customer services clerks	0.0

Source: LDES-Malawi, 2012.

Hard-to-fill vacancies

Hard-to-fill vacancies are openings for which employers find themselves unable to find people to hire. One reason for this situation is the insufficient level of candidates who apply for these posts, possessing inadequate skills, experience, qualifications or a poor attitude. Hard-to-fill vacancies also exist as a result of a lack of applicants for the vacancy, due for instance to the wage level or to the job terms. Table 31 shows that domestic workers are at the top of the list of hard-to-fill occupations (17.0 per cent), followed by personal service workers (excluding domestic workers) (15.3 per cent). This means that domestic work and personal service positions are not only hard to fill, they also have the best growth prospects in the next 2 to 3 years (see table 30). The results indicate that many professional occupations are also hard to fill (most falling within the share of 3.4 per cent). Employers were asked whether the vacancy was hard to fill because of the insufficient quality of job applicants or due to an insufficient number of applicants. The quality of job applicants was cited as a reason by 68.5 per cent of respondents while too few applicants received 31.5 per cent.

The enterprises identified the most common consequences of hard-to-fill vacancies as loss of business (23.4 per cent), difficulties in meeting quality standards (19 per cent), difficulties in meeting customer service objectives (10.6 per cent), and delays in service development (10.6 per cent). A non-negligible proportion (21.3 per cent) said that hard-to-fill vacancies had no impact at all; 40.4 per cent of employers deal with hard-to-fill vacancies by changing the characteristics of the job vacancy, while 23.4 per cent said they had re-trained their existing staff. Notably, 29.8 per cent of employers said they did nothing to deal with hard-to-fill vacancies.

Table 31. Hard-to-fill vacancies by specific occupation (%)

Occupation title	%
Domestic workers	17.0
Personal service workers (excluding domestic workers)	15.3
Protective services workers	11.9
Production/specialized service managers	10.2
Cleaners & helpers	6.8
Administrative/commercial/financial managers	3.4
Hospitality/retail/other service managers	3.4
Science & engineering professionals	3.4
Business & administration professionals	3.4
Health associate professionals (excluding traditional midwives)	3.4
Customer services clerks	3.4
Metal, machinery & related trades workers	3.4
Electrical & electronic trades workers	3.4
Processing food/wood/etc.	3.4
Health professionals	1.7
General & keyboard clerks	1.7
Other clerical support workers	1.7
Drivers & mobile plant operators	1.7
Information & communications technicians	1.7

Source: LDES-Malawi, 2012.

6. Relevant institutional and policy frameworks, and policy implications

This section provides an overview of the relevant institutional and policy frameworks affecting youth employment issues. A summary of the findings is included, as are policy recommendations that cover both supply- and demand-side measures.

6.1 Relevant institutional framework

The three primary entities responsible for the youth labour market in Malawi are the government through the Ministry of Labour (MOL) and Ministry of Youth Development and Sports (MOYDS); employers through the Employers Consultative Association of Malawi (ECAM); and trade unions through two union federations, the Malawi Congress of Trade Unions (MCTU) and the Congress of Malawi Trade Unions (COMATU). The MOL, ECAM and the union federations form the National Tripartite Labour Advisory Council (TLAC), a body established under the Labour Relations Act of 1996. The TLAC is the highest negotiation forum on labour issues.

Employment and labour legislation in Malawi consists of the Labour Relations Act, No. 16 of 1996 (CAP 54:01); the Occupational Safety, Health and Welfare Act, No. 21 of 1997 (CAP 55:07); the Employment Act, No. 6 of 2000 (CAP 55:01); and the Workers' Compensation Act, No. 7 of 2000.

- The Labour Relations Act (No. 16 of 1996) replaced the Trade Union Act of 1958 and the Trade Disputes (Arbitration and Settlement Act (No. 20 of 1952)) and drew heavily from the ILO Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the ILO Right to Organise and Collective Bargaining Convention, 1949 (No. 98). The Act provides for the formation of trade unions.
- The Employment Act (No 6. of 2000) is comprehensive legislation on employment that drew from and replaced earlier legislation regulating employment, in particular the Employment Act, the Regulation of Minimum Wages and Conditions of Employment Act (No. 14 of 1964) and the Employment of Women, Young Persons and Children Act (No. 22 of 1939 as amended in 1963). As indicated by its title, the objective of the Act is “to establish, reinforce and regulate minimum standards of employment with the purpose of ensuring equity necessary for enhancing industrial peace, accelerated economic growth and social justice”.
- The Workers’ Compensation Act (No. 7 of 2000) makes provisions for compensation for injuries suffered or diseases contracted by workers during the course of their employment or for death resulting from such injuries or diseases. It also provides for the establishment and administration of a Workers’ Compensation Fund. Although not yet functional, the Workers’ Compensation Fund was designed and envisaged as a natural springboard for a national social security system.
- The Occupational Safety, Health and Welfare Act (No. 21 of 1997) replaced the Factories Act (amended) of 1980 and makes provisions for the regulation of conditions of employment in workplaces with regard to the safety, health and welfare of employees; for the inspection of certain plant and machinery; for the prevention and regulation of accidents occurring to persons employed or authorized to go into the workplace, and for other related matters.

6.2 Relevant policy frameworks

6.2.1 *The Malawi growth and development strategy II*

The Malawi Growth and Development Strategy (MGDS) II is an overarching government policy document designed to attain Malawi’s long-term aspirations as spelled out in its Vision 2020. The strategy covers a period of 5 years from 2011 to 2016. The objective of MGDS II is to continue reducing poverty through sustainable economic growth and infrastructure development. To achieve this strategic objective, it identifies nine key priority areas; “Child Development, Youth Development and Empowerment” is one of these priorities within priorities. In the medium term, this priority area aims to increase the absorption of skills, technology and innovations by youth; increase youth participation in decision-making processes; and improve the coordination of youth programmes. The strategies it identifies include improving youth’s technical, vocational, entrepreneurial and life skills; improving youth’s access to credit facilities for entrepreneurship; constructing and rehabilitating sports infrastructure; improving access to youth-friendly sexual and reproductive health (SRH), HIV and AIDS services; and eliminating gender based violence, harmful cultural practices, abuse and trafficking.

Unlike its predecessor, MGDS I, which covered the 2006–2011 period, MGDS II explicitly recognizes labour and employment as a sub-theme under sustainable economic growth. The outcomes the sub-theme seeks to achieve are increased labour productivity; increased gainful and decent employment for all; and the elimination of worst forms of child labour. Key strategies to achieve these outcomes include establishing an effective and efficient labour market information system; promoting occupational safety and health; integrating child labour issues into development initiatives and interventions; reviewing,

harmonizing and enforcing legislation on child labour; reducing all forms of labour market discrimination; promoting skills development; establishing a robust database of labour and employment statistics; and, finally, promoting labour administration systems.

In terms of skills for employability, the MGDS II identifies “Education, Science and Technology” as a priority within priorities. The overall goal of the MGDS II with respect to education is to provide quality and relevant education to the nation. It identifies the following expected medium-term outcomes:

- expanded equitable access to education;
- improved quality and relevance of education;
- improved management and governance of the educational system.

Additionally, skills and training also appear as a cross-cutting issue in the MGDS II under the sub-theme “Capacity Development”. The overall goal of this theme is to develop a productive and efficient workforce with necessary supporting equipment and infrastructure. It identifies the following as the expected medium-term outcomes:

- enhanced workforce capacities and supportive systems;
- improved functioning of local training institutions;
- improved administration, management and performance across all sectors.

6.2.2 The national employment and labour policy

The National Employment and Labour Policy (NELP), which is waiting for Cabinet approval, aims to provide a framework for decent and productive employment and enterprise development in Malawi. It is a five-year strategy which will run from 2014 to 2019. It has ten priority areas including economic growth and employment, skills development and labour productivity, promotion and development of the micro, small and medium enterprise, and youth employment. The NELP seeks to create more and better employment and income generation opportunities for youth. The policy identifies the following strategies to achieve this objective:

- mainstream decent employment for youth in the country’s overall employment creation strategy;
- increase the enrolment of youth, especially girls, at all levels of education;
- strengthen efforts to provide complementary skills to all out-of-school youth;
- integrate entrepreneurial skills into school and university curricula to encourage young people to start their own business;
- strengthen the capacity of career guidance at all education levels including university, so youth are made aware of the employment opportunities that exist in different fields and their requirements;
- promote the transfer of integrated skills through attachments, mentoring and apprenticeships/internships;

- provide support to young people to graduate from informal to formal employment through improved access to training, business development services, and access to low-interest microfinance;
- design appropriate Active Labour Market Policies for specific target groups of youth to improve employability and provide short- to medium-term employment opportunities, and;
- encourage affirmative action for youth employment.

6.2.3 The National Youth Policy

The National Youth Policy of 1996 has undergone revisions, and the revised version is awaiting cabinet approval. The overall goal of the revised youth policy is to provide a framework that guides youth development and the implementation of all youth programmes that contribute to improving the welfare of youth in Malawi. Its priority areas are education, science, technology and environment, health and nutrition, social services, recreation, sport and culture, youth participation and leadership, and the economic empowerment of youth. Its specific objectives include to:

- improve both formal and non-formal education and training for young people in the country;
- promote recognition and award innovations in science, technology and sustainable management of the environment among youth;
- promote general health, and the non-discriminatory sexual reproductive health and rights of young people;
- increase the participation of youth in development initiatives at the community and national levels;
- create a conducive environment for youth employment both in the formal and informal sectors.

6.2.4 Vocational, Entrepreneurial and Technical Training Act

The Vocational, Entrepreneurial and Technical Training Act (TEVET Act) was adopted in 1999 with the objectives to promote and coordinate technical, entrepreneurial and vocational education and training in the country. The Act resulted in the establishment of the Technical, Entrepreneurial and Vocational Education and Training Authority of Malawi and set out a training fund to which employers are expected to contribute through an annual levy. The Act is currently under review under the framework of the development of a G20 Skills for Employment Action Plan (see box 3). The general objectives of the TEVET Act are to:

- promote an integrated, demand-driven, competency-based modular technical education and training system;
- monitor the gaps between supply and demand for skills;
- support the adoption and application of appropriate technologies;

- promote managerial and business skills, and a spirit of entrepreneurial culture with regard to both wage and self-employment;
- facilitate sound and sustainable financing and funding mechanisms for technical education and training;
- facilitate and bring together the expertise and moderate the different interests of stakeholders of technical education and training.

Box 3. Malawi Skills for Employability Action Plan and G20 Training Strategy

The G20 Training Strategy has its origins in a 2009 Pittsburgh meeting of G20 leaders when they pledged “to support robust training efforts in [their] growth strategies and investments”. To that end, they requested that the ILO partner with other organizations to develop a training strategy. The resulting document was unveiled in 2010 (see ILO, 2010). It identifies the cornerstones of a policy framework for developing a skilled workforce as follows: broad availability of good-quality education as a foundation for future training; a close matching of skills supply to the needs of enterprises and labour markets; enabling workers and enterprises to adjust to changes in technology and markets; and anticipating and preparing for the skills needs of the future.

In June 2011, the Ministry of Education, Science and Technology, on behalf of the Government of Malawi, welcomed the opportunity to be a pilot country in the effort of the G20 Development Working Group on promoting education and skills for employability. The Ministry of Education, Science and Technology, in collaboration with the Ministry of Labour and the International Labour Organization (ILO) organized a one-day stakeholders’ workshop on 28 October, 2011 to sensitize all stakeholders on the fundamentals of the G20 Training Strategy, take stock of their respective initiatives and discuss the development of an action plan for coordinated support for promoting ‘Skills for Employability’ in Malawi.

A National Steering Committee was set up to develop and institutionalize the Action Plan for Skills for Employability initiative based on the following five objectives: (1) improve coordination on skills for employability; (2) improve labour market information as a basis for evidence based design, coordination and monitoring; (3) improve education and training for employability; (4) promote growth of employment opportunities that utilise higher skills; and (5) contribute to and benefit from knowledge sharing on G20 training strategy.

More information on the action plan and an update on current progress is available on request to the ILO Skills and Employability Department; <http://www.ilo.org/skills/lang-en/index.htm>.

6.2.5 The Malawi Decent Work Country Programme

The Malawi Decent Work Country Programme (M-DWCP) covers the period 2011–2016, and was developed with technical assistance from the ILO in wide consultation with stakeholders. The programme has three key priority areas:

- creating more and better employment and income generation opportunities, particularly for the vulnerable groups, including youth, women and people with disabilities, as well as ensuring the elimination of the worst forms of child labour;
- enhancing and extending the coverage of social protection;
- building the capacities of the Malawian Government and social partners to improve service delivery.

6.3 Policy implications

Identifying the nature and extent of the youth employment challenge at the country level is a prerequisite to formulating evidence-based and integrated policies and programmatic interventions. With detailed information on the blockages that are preventing sufficient job creation from absorbing the cohorts of young labour market entrants, governments will be better prepared to design effective policy responses. Facilitating an improved school-to-work transition (or work-to-school transition for youth previously engaged in child labour) is a precondition to helping young people overcome the difficulties in finding and maintaining decent jobs.

The analysis of the SWTS in Malawi highlights issues of low-quality employment, low, but improving, levels of educational attainment, inefficiencies in meeting the demand of employers, etc. The evidence from the survey clearly demonstrates that Malawi needs a vision for the future of its labour market and a strategy to improve its labour market outcomes, particularly for youth. Since youth employment is highly dependent on the country's general employment situation, it is critical to prioritize employment in national policy-making and to centralize employment within economic and social policies.

The Government of Malawi is already active in the area of employment promotion and skills development, as the previous sub-section has demonstrated. The 2012 SWTS and future dataset for 2014 can make a significant contribution to providing policy-makers with information to initiate, monitor and evaluate the numerous policies and programmes outlined in the NELP, National Youth Policy, Skills for Employability Action Plan and other current policy documents. In particular, the following main areas of action should be followed closely:

- 1. Design macroeconomic policy to promote job growth, especially within the agricultural sector.** The results show that 47.2 per cent of young Malawians work in the agricultural sector. Population density in rural areas – where most Malawians reside – continues to increase (NSO, 2009). In an agro-based economy such as Malawi, this means further worsening of the constraints upon the land. There is thus no question that, in the medium term, the non-agricultural sectors must expand to create employment and reduce poverty as labour–land ratios continue to increase. This calls for structural transformation with greater employment opportunities created in the non-agricultural sectors.

The results have also shown that a large number of unemployed youth are hoping to gain work as “professionals”, while currently the occupation group ranks low among employed youth. There is a clear gap in the supply and demand of young “professionals”. The young person seeking work as a shop worker, on the other hand, is likely to find it less difficult to find work. Beyond improving the alignment of the educational system to the demands of the labour market, demand-side solutions are needed to generate additional jobs for young professionals. This requires coordinated policy efforts to support aggregate demand through pro-employment macroeconomic policies and to foster growth engines through an appropriate balance of export-driven growth and the expansion of domestic markets (ILO, 2013, section 6). See box 4 for some general approaches in this area.

- 2. Ensure educational access for all and prevention of early school departures.** The report clearly describes the need for enhancing employability among young men and women. More education is shown to make for a better labour market outcome and easier labour market transition. At the same time, the early ages of transition shown in the results, which reflect youth leaving school young, are worrisome in the country; a large share of young persons with low levels of education who lack many of the skills required by the labour market will stall the productive transformation of the country.

Policies and resources should be directed towards enhancing the quality of education in academic institutions and vocational training centres. Two main policies and programmes can address this. The first relates to expanding the investment in education, especially in rural areas, and expanding access to education and training to the most disadvantaged youth excluded by costs. The second is improving the educational quality and addressing the skills mismatch to allow young males and females to better meet the needs of the market.

Box 4. Approaches to boost aggregate demand and promote youth employment

Policies that promote employment-centred and sustainable growth are vital if young people are to be given a fair chance at a decent job. Youth labour market outcomes are closely related to overall employment trends but are more sensitive to the business cycle. A boost in aggregate demand is key to addressing the youth employment crisis as this will create more job opportunities for young people. ILO research shows that macroeconomic policies can influence youth employment by: encouraging economic diversification and productive transformation; reducing macroeconomic volatility by engaging in timely and targeted counter-cyclical policies; loosening constraints on private sector growth, with a particular emphasis on access to finance for micro, small and medium-sized enterprises; focusing on targeted demand-side interventions with particular impact on youth employment (e.g. labour intensive infrastructure works, public employment programmes, wage and training subsidies); and ensuring adequate and predictable funding for targeted youth employment interventions.

Source: ILO (2013), box 8.

- 3. Improve the quality of education and open the dialogue between employers and universities and training institutions on identification of core skills to be added to curriculum.** Private sector development is hampered by the insufficient numbers of skilled youth. Employers are looking for employees who can continue to learn and adapt; read, write and compute competently; listen and communicate effectively; think creatively; solve problems independently; manage themselves at work; interact with co-workers; work in teams or groups; handle basic technology, lead effectively as well as follow supervision (Brewer, 2013). Developing curricula that evolve through continuous dialogue with employers to align the training programme with business needs and local realities as well as keep teachers up-to-date about workplace practices is one good practice aimed at improving core skills. Mentoring programmes that link students with professionals or young workers is another. The Skills for Employability Action Plan sets out an agenda for development of core skills among young people.
- 4. Improve conditions of work by ensuring equal treatment for and rights of young workers.** The survey results show that young people continue to suffer from decent work deficits and low-quality jobs. Most working youth are in irregular employment in the informal economy. Labour laws and collective agreements, including through sanctioning mechanisms, can protect young workers and facilitate their transitions into stable and decent employment. In parallel, a system of incentives to encourage the registration of enterprises is to be encouraged, while at the same time providing incentives for employers to invest in the improvement of young people's work conditions.
- 5. Support employers in taking active part in the creation of decent jobs for young people.** Employers may take on young people when subsidies are offered in the way of tax breaks or other financial incentives, although the very high levels of informality among enterprises in the country can hamper the effectiveness of such a strategy. Perhaps more can be done to make the business case for employing young people by highlighting how this impacts on organizations' competitiveness. Helping employers to link investment in young people and also training of their young staff to their business strategy is an area that could be expanded.

6. As very few young people use formal means of finding work, **enhance the role of institutions that deal with employment/unemployment issues and improve the collection and dissemination of labour market information.** Young people mainly use informal methods to search for jobs. Employers also use informal networking to recruit young persons. Given this situation, increasing labour demand without improving information and access to the labour market will do little to help integrate disadvantaged youth who lack personal connections to the labour market.

Labour market information, job search assistance, vocational counselling and career guidance should be promoted in Malawi to assist and orient young persons. Greater investment in employment offices and agencies can help to improve the connection between young people and enterprises.

The relevant labour laws as contained in the Employment Act, No 6. of 2000 (CAP 55:01) do not provide for the existence of private and public employment services. This means that employment services in Malawi are provided without the appropriate legal and regulatory frameworks. Without this proper environment, the likelihood of abuse and exploitation of workers is enhanced. To improve the delivery of employment services and minimize the potential for exploitation of jobseekers, the Employment Act should be amended to provide the appropriate legal and regulatory framework. It is also recommended that public employment services (district labour offices) be well resourced to play the meaningful role of matching jobseekers and employers.

7. **Facilitate the financial inclusion of youth and access to credit and business support services to young entrepreneurs.** Access to finance is consistently listed as a major constraint for enterprises to expand their capacity via investments that lead to the creation of new jobs (Matsumoto, Henge and Islam, 2012). This is particularly important in countries where a majority of establishments are micro- and small enterprises. Malawi is no exception. Consequently, measures aiming at improving financial inclusion are likely to stimulate labour demand and to thereby generate new employment opportunities for young people. At the same time, young entrepreneurs will need more than financial support to stay in business. Policies and programmes to strengthen business development services for young people and establish mentoring programmes in which an established company provides support to a youth business are also needed.
8. **Promote bipartite and tripartite cooperation on youth employment to yield better employment outcomes.** Establishing an enabling environment for the successful implementation of employment and labour market interventions for young people requires bipartite and tripartite cooperation. This is confirmed by the results of evaluations of youth employment programmes. The Government, employers' organizations and trade unions of Malawi have a role to play by fulfilling their own specific mandates and through concerted and joint efforts for the promotion of decent work for youth in the country.

References

- Brewer, L. 2013. “Enhancing youth employability: What? Why? and How? Guide to core work skills”, Skills and Employability Department (Geneva, ILO).
- Durevall, D.; Mussa, R. 2010. “Employment Diagnostic: Analysis on Malawi” (Geneva, ILO).
- Glick, P.; Sahn, D. 2000. “Schooling of girls and boys in a West African country: the effects of parental education, income, and household structure”, *Economics of Education Review*, Vol. 19, pp. 63–87.
- Gregg, P.; Tominey, E. 2005. “The wage scar from male youth unemployment”, *Labour Economics*, Vol. 12, pp. 487–509.
- International Labour Organization (ILO). 2013. *Global Employment Trends for Youth 2013: A generation at risk* (Geneva).
- International Labour Organization (ILO). 2010. *A Skilled Workforce for Strong, Sustainable and Balanced Growth: A G20 Training Strategy* (Geneva).
- Kim, S.; Kim, Y. 2000. “Growth gains from trade and education”, *Journal of International Economics*, Vol. 50, No. 2, pp. 519–545.
- Matsumoto, M.; Hengge, M.; Islam, I. 2012. “Tackling the youth employment crisis: A macroeconomic perspective”, *Employment Working Paper*, No. 124 (Geneva, ILO).
- Mroz, T.A.; Savage, T.H. 2006. “The Long-Term Effects of Youth Unemployment”, *Journal of Human Resources*, Vol. 41, No. 2, pp. 259–293.
- Mukherjee, S.; Benson, T. 2003. “The Determinants of Poverty in Malawi”. *World Development*, Vol. 31, No. 2, pp. 339–358.
- Mussa, R. 2012. “Mapping of private and public employment services in Malawi”, UNDP, forthcoming report.
- Republic of Malawi, National Statistical Office (NSO). 1999. “Integrated Household Survey (IHS), 1998” (Zomba).
- . 2005. “Integrated Household Survey, 2004–2005”, IHS2 (Zomba).
- . 2009. “2008 Population and Housing Census Main Report” (Zomba).
- 2012a. “Integrated Household Survey, 2010–2011”, IHS3 (Zomba).
- 2012b. “Welfare Monitoring Survey 2011” (Zomba).
- The World Bank. 2008. *Migration and Remittances Factbook 2008* (Washington, DC).

Annex I. Definitions of labour market statistics

1. The following units are defined according to the standards of the International Conference of Labour Statisticians:
 - a. The **employed** include all persons of 15 years of age or more who during a week of reference:
 - Worked for wage or profit (in cash or in kind) for at least one hour;
 - Were temporary absent from work (because of illness, leave, studies, a break of the activity of the firm, etc.), but had a formal attachment to their job;
 - Performed some work without pay for family gain.
 - b. The **unemployed** (strictly defined) include all persons age 15 years and over who meet the following three conditions during the week of reference:
 - They did not work (according to the above mentioned definition);
 - Were actively searching for a job or took concrete action to start their own business;
 - Were available to start work within the next two weeks following the reference week.
 - c. The persons neither included in the employed nor in the unemployed are classified as **not in the labour force (also known as inactive)**.
2. The International Classification of Status in Employment (ICSE) categorises the employed population on the basis of their explicit or implicit contract of employment, as follows:
 - a. **Employees** (also wage and salaried workers) are all those workers who hold the type of jobs defined as "paid employment jobs", where the incumbents hold explicit (written or oral) or implicit employment contracts that give them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work.
 - b. **Employers** are those workers who, working on their own account or with one or a few partners, hold the type of jobs defined as a "self-employment jobs" (i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced), and, in this capacity, have engaged, on a continuous basis, one or more persons to work for them as employee(s).
 - c. **Own-account workers** are those workers who, working on their own account or with one or more partners, hold the type of jobs defined as a "self-employment jobs", and have not engaged on a continuous basis any employees to work for them.
 - d. **Contributing (unpaid) family workers** are those workers who hold "self-employment jobs" as own-account workers in a market-oriented establishment operated by a related person living in the same household.
3. The employed are also classified by their main **occupation**, in accordance with the International Standard Classification of Occupations (ISCO-08).
4. **Household** is every family or other community of persons declaring to live together and jointly spend their income to satisfy the basic necessities of life. The concept of household includes members present in the place where the household resides, as well as individuals who are temporary absent and living elsewhere, including abroad, for business, education or other, as long as their residence in the foreign country does not exceed one year. A person living alone can also qualify as a household ("single household") if she does not already belong to another unit. The single household can reside in a separate or shared

apartment, and it will be considered as an independent unit as long as the household's income is not shared with other residents. Collective households such as prisons and institutions and their members are not observed in the LFS.

5. **The reporting period**, to which the questions for the economic activity are related, is the week before the week of interview (52 reporting weeks throughout the year).
6. The following units are also defined within the SWTS analysis but are outside of the scope of those defined within the international framework of labour market statistics seen in item 1 above:
 - a. **Relaxed unemployment** – a person without work and available to work (relaxing the job seeking criteria of item 1b above).
 - b. **Labour underutilization rate** – the sum of shares of youth in irregular employment, unemployed (relaxed definition) and youth neither in the labour force nor in education/training (inactive non-students) as a percentage of the youth population.
 - c. **Regular employment** – the sum of employees with a contract (oral or written) of 12 months or more in duration and employers; the indicators is therefore a mixes information on status in employment and contract situations.
 - d. **Satisfactory employment** – based on self-assessment of the job-holder; implies a job that the respondent considers to “fit” to his desired employment path at that moment in time.
 - e. **Stable employment** – employees with a contract (oral or written) of 12 months or more in duration.
 - f. **Temporary employment** – employees with a contract (oral or written) of less than 12 months in duration

Annex II. Additional statistical tables

Table A1. Health issues and disabilities of the youth population by sex (%)

	Total	Male	Female
Eye sight			
No difficulty at all	95.3	94.8	95.8
Some difficulty	4.2*	4.8*	3.6*
Lot difficult	0.5*	0.4*	0.6*
Completely difficult	0.0	0.1	0.0
Total	100.0	100.0	100.0
Hearing			
No difficulty at all	97.9	97.8	98.0
Some difficulty	1.9	2.1	1.7
Lot difficult	0.2*	0.1*	0.3*
Completely difficult	0.0*	0.0*	0.0*
Total	100.0	100.0	100.0
Walking			
No difficulty at all	97.9	98.3	97.5
Some difficulty	1.9	1.5*	2.3
Lot difficult	0.2*	0.2*	0.1*
Completely difficult	0.0	0.0	0.0
Total	100.0	100.0	100.0
Memory/concentration			
No difficulty at all	94.3	95.0	93.6
Some difficulty	5.2	4.3	6.1
Lot difficult	0.5*	0.7*	0.3*
Completely difficult	0.0	0.0	0.0
Total	100.0	100.0	100.0
Difficulties in selfcare			
No difficulty at all	99.8	99.8	99.7
Some difficulty	0.2*	0.2*	0.3*
Lot difficult	0.0	0.0	0.0
Completely difficult	0.0	0.0	0.0
Total	100.0	100.0	100.0
Communicating			
No difficulty at all	97.9	97.2	98.5
Some difficulty	1.9	2.4	1.4
Lot difficult	0.2*	0.3*	0.1*
Completely difficult	0.1*	0.2*	0.0*
Total	100.0	100.0	100.0

Note: The asterisk indicates a limited number of responses (less than 30).

Source: SWTS-Malawi, 2012.

Table A2. Share of youth who moved from original residence and reason for moving by sex and area of residence (%)

	Total	Male	Female	Rural	Urban
Moved from original residence	26.4	25.1	27.7	20.9	59.0
Reason for moving:					
To accompany family	49.3	38.5	58.3	47.8	52.6
For education/training	4.7	4.6	4.7	1.8	10.7
For employment	14.4	19.8	9.9	9.7	24.2
Other reason	31.6	37.2	27.1	40.7	12.5

Source: SWTS-Malawi, 2012.

Table A3. Share of young students combining work and study by sex (%)

	Total	Male	Female
Working during the school season	5.4	7.1	3.7
Working outside the school season	8.1	9.4	6.7
Working during and outside the school season	12.5	15.8	9.4
No	74.1	67.7	80.2
Total	100.0	100.0	100.0

Source: SWTS-Malawi, 2012.

Table A4. Youth population by main economic activity and sex (%)

	Total	Male	Female
Employed	66.5	73.3	60.3
Unemployed (strict definition)	5.6	4.3	6.8
Inactive	27.9	27.9	32.9
Total	100.0	100.0	100.0

Source: SWTS-Malawi, 2012.

Table A5. Unemployed youth who had refused a job by reason for refusal and sex (%)

	Total	Male	Female
Wages offered were too low	29.2*	30.1*	28.5*
Work was not interesting	11.9*	11.0*	12.7*
Location was not convenient	14.4*	0.0*	26.0*
Work would not match my level of qualifications	15.2*	30.9*	2.6*
Work would require too many hours	6.2*	10.6*	2.6*
Family did not approve of the job offered	10.9*	10.0*	11.7*
Waiting for a better job	2.1*	4.8*	0.0*
There was no contract length offered or contract length was too short	5.9*	2.7*	8.4*
Saw no possibilities for advancement	4.2*	7.6*	0.0*
Total unemployed youth	100.0	100.0	100.0

Note: The asterisk indicates a limited number of responses (less than 30).
Source: SWTS-Malawi, 2012.

Table A6. Unemployed youth by type of enterprise they would like to work for (%)

	Total	Male	Female
Myself (own business/farm)	33.7	29.7	35.6
Government/public sector	25.4	27.0	24.7
Private company	24.2	24.8	23.9
An international or non-profit organization	1.7*	1.4*	1.9*
Family business/farm	15.0	17.1*	14.0

Note: The asterisk indicates a limited number of responses (less than 30).
Source: SWTS-Malawi, 2012.

Table A7. Wage and salaried young workers by type of contract and duration of contract by sex (%)

	Total	Male	Female
Written contract	14.3	13.3	16.2*
Oral agreement	65.9	66.1	65.5
No contract	19.8	20.6	18.3
Total	100.0	100.0	100.0
Period of duration for limited duration contracts			
Less than 12 months	89.0	87.8	91.3
12 months to less than 36 months	7.5*	9.8*	3.4*
36 months of more	3.5*	2.5*	5.3*
Total	100.0	100.0	100.0

Note: The asterisk indicates a limited number of responses (less than 30).
Source: SWTS-Malawi, 2012.

Table A8. Self-employed youth (own-account workers and employers) by reason for self-employment

	Total	Male	Female
Inability to find wage employment	23.8	21.3	26.1
Greater independence	35.5	36.9	34.2
Flexibility in working hours	5.0	5.2	4.9
Can earn higher income compared to wage workers	9.7	12.5	7.1
Family decision	11.7	9.3	14.0
Other	14.3	14.8	13.8
Total	100.0	100.0	100.0

Source: SWTS-Malawi, 2012.

Table A9. Self-employed youth by funding sources for their activity (%)

	Total	Male	Female
Money not needed	27.1	25.0	29.0
Savings(susu)	42.5	46.9	38.3
Money from friends & family	24.2	22.8	25.6
Loans & remittances	6.3*	5.4*	7.2*
Total	100.0	100.0	100.0

Note: The asterisk indicates a limited number of responses (less than 30).
Source: SWTS-Malawi, 2012.

Table A10. Reasons for being unpaid family workers (%)

	Total	Male	Female
Inability to find wage employment	14.1	11.8	16.5
Required by the family	71.2	71.4	71.0
Learning the family business	9.2	11.4	6.8
Other	5.6	5.4	5.7

Source: SWTS-Malawi, 2012.



This report presents the highlights of the 2012 School-to-work Transition Survey (SWTS) implemented by the National Statistics Office of the Republic of Malawi within the framework of the ILO Work4Youth Project. This Project is a five-year partnership between the ILO and The MasterCard Foundation that aims to promote decent work opportunities for young men and women through knowledge and action. The W4Y Publication Series is designed to showcase analyses generated from the ILO administered in 28 countries covering five regions through the sponsorship of the Project. The SWTS is a unique survey instrument that generates relevant labour market information on young people aged 15 to 29 years. The survey captures longitudinal information on transitions within the labour market, thus providing evidence of the increasingly tentative and indirect paths to decent and productive employment that today's young men and women face.

The W4Y Publications Series covers national reports, with main survey findings and details on current national policy interventions in the area of youth employment, and regional synthesis reports that highlight regional patterns in youth labour market transitions and distinctions in national policy frameworks.

Work4Youth



For more information, visit our website: www.ilo.org/w4y
Youth Employment Programme
4 route des Morillons
CH-1211 Genève 22
Switzerland
youth@ilo.org

ISSN 2309-6799