

Determinants of Youth Unemployment in Urban Areas of Ethiopia

Muhdin Muhammedhussen Batu

Jimma University (muhidmoha@gmail.com)

Abstract- Youth Unemployment is one of the most critical issues at global level. It represents the underutilization of scarce and precious resources, that would be important for nations' socio-economic development. This study deals with identifying the main factors responsible for youth unemployment and constraints they face in self-employment in Ethiopia. It is based on the cross sectional data collected by Central Statistical Agency (CSA) in 2015. From all regions of the country, a total of 16,984 samples are considered for analysis. Using descriptive and cross tabulation analysis, the study shows that youth unemployment is highly related with regional location, sex, marital status and education. The analysis also shows youths' dream to create their own job is constrained highly by shortage of finance and lack of work place. The government and others stakeholders need to consider the above determinants and challenges for future intervention.

Index Terms- Youth, Unemployment, Determinants

I. BACKGROUND AND JUSTIFICATION OF THE STUDY

The persistent character of unemployment over the last decade in world has become great concern for academicians and policymakers. Unemployment is often used as a measure of the health of the economy. The underutilization of human capital or unemployment is very important issue that negatively affects the development of the one's country. Economic theories states that unemployment occurs when a person who is actively searching for employment is unable to find work, includes only those people who are willing to work, and are either employed or looking for jobs.

Youths are among the most important resources countries need to have in order to bring about prosperity. Energetic, courageous and qualified youth can make changes to the social economic development if they are well utilized and managed (Msigwa and Kipsha, 2013). However, unemployment among young people has becoming a major policy challenge for all nations in the world. It is not only a statistical concept, but also a multidimensional social phenomenon. It results substantial crises in psychological, social and economic perspectives, some of them are: increasing crime rates and violence, dependence on family, low self esteem, poor social adaptation, depression and loss of confidence (Kabaklarli et al 2011). Nazir et al (2009) in the same manner showed that unemployment affects the socio-economic status of the family, leads to poor mental health, dependency and increases the magnitude of corruption, drug addiction, crimes and suicide in a society.

There was unprecedented increase in youth unemployment between 2008 and 2009. However, from 2009 to 2011 the youth unemployment rate decreased from 12.7 per cent to 12.3 per cent. By year 2012, it increased again to 12.4 per cent and has continued to rise to 12.6 per cent in 2013. It estimated that, by 2013, the number of unemployed youth reaches 73.4 million. Projections for 2014 show a further increase to 12.7 per cent and the gradual acceleration of economic growth in the medium- term is not expected to result in an improvement of job prospects for youth at the global level. The level of youth unemployment, currently, is three times higher than for the adult population; that is 12.6 and 4.6 respectively. By 2018, the global youth unemployment rate is projected to stand at 12.8 per cent. Young people therefore continue to be almost three times more likely than adults to be unemployed. In Africa, in the same way, unemployment continues to be serious social problems despite some improvements in recent years. In the Sub-Saharan Africa youth unemployment rate is significantly higher than the adult unemployment rate. It is as twice as adult unemployment rate (ILO, 2013).

Regarding the determinants and impacts of youth unemployment several studies have been conducted in different parts of the world by various scholars. According to Assad and Levison (2013), employment inadequacy for youth shows up in high rates because of low-job creation and increasing environmental threats. This situation, if not controlled likely result to more frequent eruptions of violence and civil conflict. Msigwa and Kipsha (2013) in Tanzania found that that gender, geographical location, education, skills and marital status are all important factors that explains youth employment status. Kakwagh and Agnes (2010) showed that increasing population growth, high degree of geographical mobility, lack of employable skills, low participation of youth in decision making processes and the perception of policy makers and the youth themselves about employment as the major drivers of youth

unemployment in Nigeria. Baah- Boateng (2013) confirmed higher vulnerability of youth and urban dwellers to unemployment with education and gender explaining unemployment in Ghana.

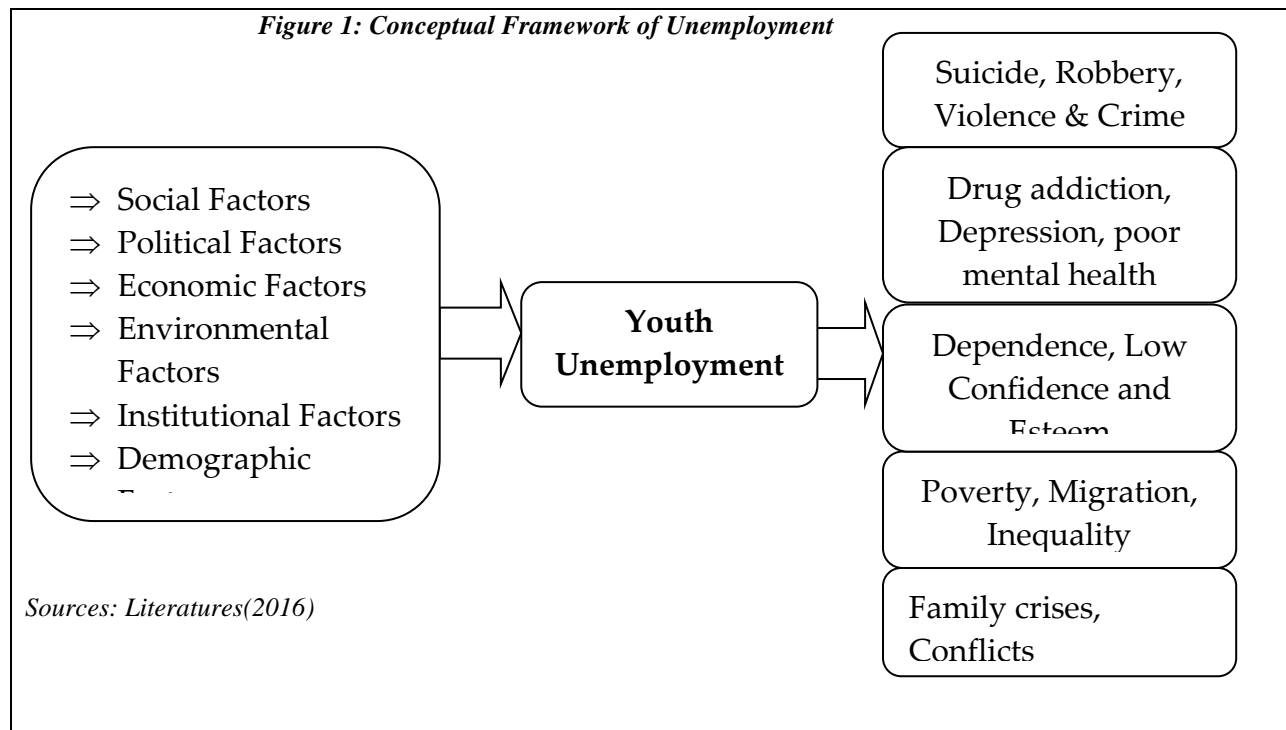
In Ethiopian context, there are limited studies on the analysis of determinants of youth unemployment. Asmare and Mulatie (2014) stated the major factors supposed to be affecting urban youth unemployment, particularly graduates from higher institutions. These were: lack of good governance (nepotism, corruption, bias and discrimination), lack of social networks, divergence between skills and the labor market and low quality educational policy and system. As of Gebeyaw (2011) women and the youth are the primary victims of unemployment. Ejigu (2011) found that the prime age male unemployment rate to be a positive significant predictor of youth unemployment rates.

According to Nganwa et al (2015), between 2006 and 2011, the prevalence of urban youth unemployment was high as compared to the total unemployment rate in Ethiopia. The study showed that place of residence (regions), gender, age, and marital status significantly affect the urban youth unemployment. Gebre (2011) showed that sex, migration, education, social network, job preferences and access to business advisory services significantly determine youth unemployment in Debre Birhan town. Kassa (2011) also analyzed that urban unemployment is determined by age, marital status, and education.

Youth unemployment is a multidimensional concept that we need to study again and again to see the reasons behind its dynamics and draw a reasonable conclusion for policy directions. The main objective of this study is to assess factors affecting youth unemployment, using a survey data of 2015. In this study, unlike earlier works, due attention is given to constraints of self – employment. The output provided by this study will be useful for concerned authorities to take corrective actions to mitigate the problems of unemployment and constraints of self unemployment. It can also serves as potential reference for those individuals who want to conduct further studies on the same or related areas.

II. CONCEPTUAL FRAMEWORK

Unemployment occupies a central place in the analysis of Economics science. It is one of the indicators of the well performance of the economy. Unemployed are those persons who are without work and immediately available to start work during the same period and who has actively looked for a job. There are different factors that are responsible for unemployment. Hence, unemployment is a complex and dynamic socio-economic phenomenon. The following conceptual framework gives a brief illustration about unemployment.



III. METHODOLOGY OF THE STUDY

In this study, quantitative approach is employed, because it is important to describe and analyze, in detail, the state of youth unemployment, the determinatory factors, measures they have taken, and constraints they faced. The study applied descriptive statistical analyses like percentages, mean values, and cross tabulation.

The main data source is cross sectional data of Urban Employment-Unemployment Survey conducted in 2015 by Ethiopian Central Statistics Agency (CSA). The samples were drawn from nine regional states of Federal Democratic Republic of Ethiopia (Tigray, Afar, Amhara, Oromiya, Somali, Benishangul-Gumuz, Southern Nations Nationalities and peoples, Gambela and Harari), and the two city administrations (Addis Ababa and Dire Dawa). There is no systematic, uniformly applied age-based definition of youth because of different reasons. For practical, statistical and policy reasons, however, it is important to have a widely used definition of youth. The study assumed that the youth comprises of the age limit 15-29, the one used by Central Statistics Agency (CSA). Based on this definition, the study used samples of 16,984 from the mentioned survey.

IV. RESULTS AND DISCUSSIONS

2.1. Backgrounds of the Respondents

The majority of the respondents are female in their sex. Of the total responses, 53.5 percent are female. The average year of the sample is 23.3 years. Relatively larger proportion, 59.9 percent, of the youth are never married while about 33.9 percent of them are married, 0.9 percent of live together and the remaining 5.3 percent represents divorced, separated and widowed. The average household size is 2.2 family members. The survey shows that the literacy level is very high for Ethiopian Youths.

In this study, a person is considered to be literate if he or she can read and write. Otherwise, a person is considered to be illiterate. Accordingly, 89.8 percent can write and read. Among respondents, 35.1 percent are able to obtain high level education (certificate, diploma and above).

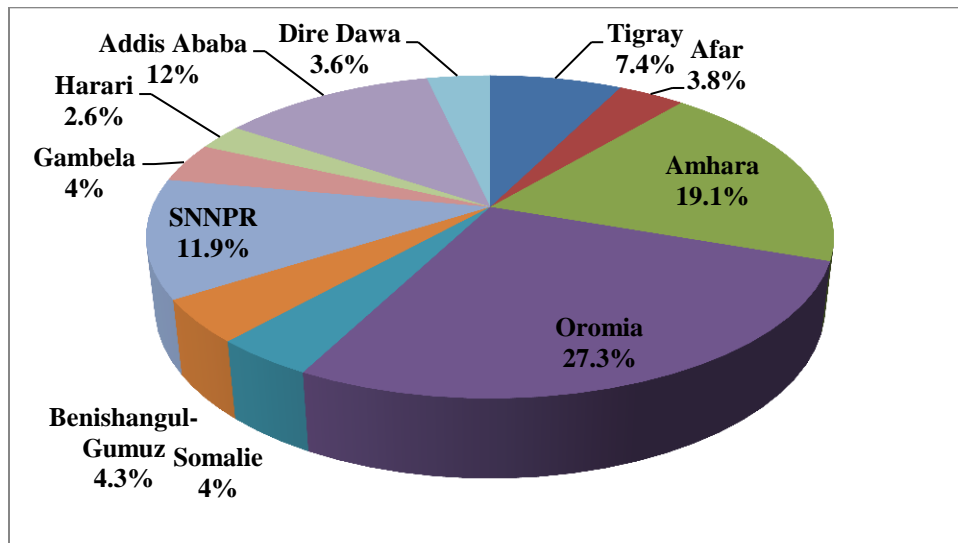
Table 1: Respondents Background

	Mean	Percent
Age (Mean)	23.3 Years	
Sex		
Male		46.5%
Female		53.5%
Marital Status		
Never Married		59.9%
Married		33.9%
Divorced& separated		4.8%
Widowed		0.5%
Live together		0.9%
Household Size (Mean)	2.2058	
Read and Write		
Yes		89.8%
No		10.2%
Certificates and Above		
Yes		35.1%
No		64.9%

Source: Own Computation 2016 (using CSA 2015 data)

In terms of region, the majority of the respondents are from Oromia Regional State (27.3 percent) followed by Amhara (19.1 percent) and Southern Nations and Nationalities Peoples of Ethiopia (11.9 percent).

Chart 1: Regional distribution of respondents



Source: Own Computation 2016 (using CSA 2015 data)

2.2. Employment Status

The majorities (78 percent) of the samples are employed and the remaining 22 percent are unemployed.

Table 2: Employment Condition

	Percent
Employed	22%
Unemployed	78%
Total	100.0

Source: Own Computation 2016 (using CSA 2015 data)

As regard to those employed, 31.9 percent are self employed followed by private and government sector employees, 25.6 and 13.9 percent respectively. It is good to see the highest proportion is self employed; otherwise it is difficult for the government to provide job for all youths.

Table 3: Work condition of Employed Respondents

	Percent
Employee-Government	13.9%
Employee-Government Development organization	6.2%
Employee-Private organization	25.6%
Employee-NGO (including International organization)	0.9%
Employee Domestic	9.1%
Other Employee	0.9%
Member of Co-Operatives	0.9%
Self Employed	31.9%
Unpaid Family Worker	9.2%
Employer	0.4%
Apprentice	0.3%
Others	0.6%
Total	100.0

Source: Own Computation 2016 (using CSA 2015 data)

In this study, based on CSA experience, unemployed youths are those: whose age is 15 to 29 years, who had no job but willing to work under existing conditions (see CSA, 2012). Accordingly, the majority of them have been searching job in the last six months. They have used different approaches to search for job or work. As table 4 illustrates the most frequently used approach of searching for work are: looking vacancy advertising boards (32.5%); seeking assistance of friends and relatives (24.7%); establishing own enterprises (17.9%) and checking at work sites (12.3%).

Table 4: Approches taken to search work

	Percent
Searching vacancy advertising boards	32.5%
Through news paper, Radio and TV	5.7%
I have unemployment card	2.6%
Seeking assistance of friends, relatives, etc	24.7%
Trying to establish own enterprise	17.9%
Direct application to employee	2.4%
Checking at work sites	12.3%
Others	1.2%
Not Stated	0.7%
Total	100.0

Source: Own Computation 2016 (using CSA 2015 data)

2.3. Employment Condition and Its determinants

This section discusses factors affecting youth unemployment in urban areas of Ethiopia. The major determinants used in this study are: regional location, gender, educational, and marital status.

As of table below (table 5) even if the majority of both males and females are employed, unemployment rate for females (28.1%) is significantly higher than that of males (15.1%). This justifies the feminization unemployment among youths of Ethiopia. It is the area where the government needs to seriously work. If the Government doesn't address this growing problem immediately, the global agenda of empowering women will be in question.

Table 5: Employment condition and sex

			Sex		Total
			Male	Female	
Empt	Unemployed	% within Empt	31.8%	68.2%	100.0%
		% within Sex	15.1%	28.1%	22.0%
	Employed	% within Empt	50.6%	49.4%	100.0%
		% within Sex	84.9%	71.9%	78.0%
Total	% within Empt	46.5%	53.5%	100.0%	
	% within Sex	100.0%	100.0%	100.0%	

Pearson Chi-Square
Value: 416.785 DF: 1 Asymp.Sig.(2-sided):.000

Source: Own Computation 2016 (using CSA 2015 data)

The association between education and employment condition is pivotal. It is known that education is a very important weapon for innovation, job creation and poverty alleviation. In line with this, table 6 shows that youths who have certificate, diploma and above have a good opportunity in obtaining jobs. The unemployment rate for institute or college graduate (17.2%) is lower as compared to non graduate (24.6%). This supports the fact that the higher education creates possibility of being employed, particularly in developing countries where literacy rate is very low.

Table 6: Employment condition and Education

			Certificate and above		Total
			Yes	No	
Empt	Unemployed	% within Empt	27.5%	72.5%	100.0%
		% within Certificate	17.2%	24.6%	22.0%
	Employed	% within Empt	37.3%	62.7%	100.0%
		% within Certificate	82.8%	75.4%	78.0%
Total	% within Empt	35.1%	64.9%	100.0%	
	% within Certificate	100.0%	100.0%	100.0%	

Pearson Chi-Square

Value: 123.227 DF: 1 Asymp. Sig.(2-sided): .000

Source: Own Computation 2016 (using CSA 2015 data)

In relation to marital status and employment condition, table 7 shows that marital status, like that of sex and education, is related to the condition of employment. The highest unemployment rate is seen for married (25.4%) respondents followed by live together, but not married, 20.8%. Using those married as a base, the analysis shows that those who had never married, divorced, separated, widowed and live together (without marriage) have a low level unemployment rate.

Table 7: Employment condition and marital status

			Marital Status						Total
			Never Mar.	Mar.	Div.	Wido.	Sep.	Live tog.	
Empt	Unemployed	% within Empt	55.7%	39.2%	3.0%	0.3%	1.0%	0.8%	100%
		% within M. Sta	20.5%	25.4%	18.3%	13.3%	19.3%	20.8%	22.0%
Empt	Employed	% within Empt	61.1%	32.4%	3.8%	0.6%	1.2%	0.9%	100%
		% within M. Sta	79.5%	74.6%	81.7%	86.7%	80.7%	79.2%	78.0%
Total		% within Empt	59.9%	33.9%	3.6%	0.5%	1.2%	0.9%	100%
		% within M. Sta	100.0%	100%	100%	100%	100%	100%	100%

Pearson Chi-Square
Value: 63.838 DF: 5 Asymp.Sig.(2-sided): .000

Source: Own Computation 2016 (using CSA 2015 data)

In geographical context the highest level of unemployment rate is observed in Addis Ababa City Administration (27.4%) followed by Amhara (25.3%) and Tigray (24.2%) regional states. Whereas regional states like Gambela (12.04%), Benshangul Gumuz (12.9%) and Afar (17.1%) have lower level unemployment rate. This shows that unemployment rate is relatively low in developing regions of Federal Democratic Republic of Ethiopia. In this regard, employment creation, due attention should be given to developed regions, unless it leads to uncontrollable state.

Table 8: Employment condition and Regions

		Region											Total
		Tigr	Afar	Amh.	Oro.	Som.	Bens h.	SNN P	Gamb.	Hara ri	A.A	D.D	
Unemployed	% within Empt	8.2	2.9	22.0	28.2	3.8	2.5	9.3	2.2	2.1	14.9	3.8	100
	% within Region	24.2	17.1	25.3	22.7	20.7	12.9	17.2	12.4	17.9	27.4	23.4	22.0
Employed	% within Empt	7.2	4.0	18.3	27.1	4.1	4.8	12.6	4.4	2.7	11.2	3.5	100
	% within Region	75.8	82.9	74.7	77.3	79.3	87.1	82.8	87.6	82.1	72.6	76.6	78.0
Total	% within Empt	7.4	3.8	19.1	27.3	4.0	4.3	11.9	4.0	2.6	12.0	3.6	100
	% within Region	100	100	100	100	100	100	100	100	100	100	100	100

Source: Own Computation 2016 (using CSA 2015 data)

2.4. Constraints of Self Employment

As indicated in the following table, participants of the survey, particularly those unemployed, are asked to state what type of job they are looking for. In view of that, the majority of them (51%) said that they are looking for any available job. Around 27 percent of unemployed explained they want to be self-employed.

Table 9: Types of job youth are looking for

Percent

Self Employed	27.4
Paid employment-private	7.1
Paid employment-government	13.9
Any Available work	51.0
Other	0.7
Total	100.0

Source: Own Computation 2016 (using CSA 2015 data)

If the around 27% of unemployed youths want self-employment why they didn't do it? This is because youths' faces the many acute problems to start their own businesses. Shortage of finance (51.3%), lack of working place and finance (14.8%) and lack of work place (13.3%) are the major challenges in this regard.

Table 10: Challenges to start own business

	Percent
I have no problem	6.5
Shortage of finance	51.3
Lack of Training	1.3
lack of work place	13.3
Lack of Finance and Training	3.9
Lack of working Place and finance	14.8
Lack /absence of License	0.6
Shortage/absence of equipment	0.2
Don't Know	0.7
Lack of information	1.2
Other	6.3
Total	100

Source: Own Computation 2016 (using CSA 2015 data)

V. CONCLUSION AND RECOMMENDATIONS

Youths are the future hopes of any country. Youth unemployment is one of the most serious socio-economic problems in the World. In this regard various studies have been conducted so far in order to analyze factors that are responsible for unemployment among youth. The outcome from these works is varying. This study deals with the determinants of youth unemployment and constraints they face in creating their own jobs in Ethiopia. For this purpose a 2015 Urban Employment- Unemployment survey of Central Statistical Agency is used. Using descriptive and cross tabulation analysis, the analysis shows that unemployment rate varies among regions, sex, marital status and education level. As regard to constraints to self employment, the study indicates that shortage of finance and lack of work place are the major challenges in this regard. Therefore, government and all concerned authorities should consider the seriousness of gender, regional location, education and marital status while making public policies and directions to overcome the problem of unemployment and its' far reaching consequences. Besides that the government should work to create suitable conditions; so that youths create their own jobs. Provision of finance (in the form of credit), work place and training on entrepreneurship are important.

REFERENCES

- [1] Asmare, Y. and Mulatie, M. (2014). A Tale of Youth Graduates Unemployment. Global Journal of Human-Social Science: A Arts & Humanities – Psychology. Volume 14, Issue 4 Version 1.0 Year 2014. Online ISSN: 2249-460x & Print ISSN: 0975-587X.
- [2] Assaad, R. and Levison,D.(2013). Employment for Youth – A Growing Challenge for the Global Economy.
- [3] Baah-Boateng,W. (2013). Determinants of Unemployment in Ghana. African Development Review. Vol. 25, No. 4, 2013, 385–399.
- [4] Bezabih, Z(2014). Nature of Youth Unemployment in Kazanchis, Addis Ababa. A Thesis Submitted to the Graduate School of Social Work in Partial Fulfillment of the Requirements for the degree of Master of Social Work (MSW) Addis Ababa University.
- [5] Central Statistical Agency (2012). Statistical Report on the 2012 Urban Employment-Unemployment Survey.
- [6] Ejigu, L. (2011). Characteristics and Determinants of Youth Unemployment in Ethiopia. Ethiopian Journal of Development Research. Vol. 33, No.2, October 2011.

- [7] Gebeyaw, T.(2011). Socio-Demographic Determinants of Urban Unemployment: The Case of Addis Ababa. Ethiopian Journal of Development Research Vol.33, No.2, October 2011.
- [8] Gebre, A.A. (2011). Demographic and Socio-Economic Determinants of Youth Unemployment in Debere Birhan Town, North Showa Administrative Zone, Amhara National Regional State. Thesis submitted to the School of Graduate Studies of Addis Ababa University in Partial Fulfillment of the Requirements for the Degree of Masters in Population Studies.
- [9] Gizaw, S. (2011). A Glimpse of Urban Youth Unemployment in Ethiopia. Ethiopian Journal of Development Research Vol.33, No.2, October 2011.
- [10] International Labor Office (2013), Global Employment Trends for Youth 2013: A Generation at Risk.
- [11] Kabaklarli, E., Er, H.P, and Bulus, A.(2011). Economic Determinants of Turkish Youth Unemployment Problem: Co-Integration Analysis. International Conference on Applied Economics – ICOAE 2011 267.
- [12] Kassa, A.F.(2011). Unemployment in Urban Ethiopia: Determinants and Impact on household welfare. University of Gothenburg Master Degree project.
- [13] Kibret, F.D.(2014). Unemployment and Labor Market in Urban Ethiopia: Trends and Current Conditions. Sociology and Anthropology 2(6): 207-218, 2014 <http://www.hrpub.org> DOI: 10.13189/ sa.2014.020601.
- [14] Kakwagh V. and Agnes, I. (2010). Youth Unemployment in Nigeria: Causes and Related Issues. Canadian Social Science. Vol. 6, No. 4, 2010, pp. 231-237. ISSN 1712-8056.
- [15] Msigwa,R. and Kipasha, E.F.(2013). Determinants of Youth unemployment in Developing Countries: Evidences from Tanzania. Journal of Economics and Sustainable Development, Vol.4, No.14. ISSN 2222-1700 (Paper), ISSN 2222-2855 (Online).
- [16] Nazir, F., Cheema, M. A., Zafar M.I., and Batool, Z.(2009), Socio-Economic Impacts of Unemployment in Urban Faisalabad, Pakistan.
- [17] Nganwa, P., Assefa, D., and Mbaka, P.(2015). The Nature and Determinants of Urban Youth Unemployment in Ethiopia. Public Policy and Administration Research. Vol.5, No.3, 2015. ISSN 2224-5731(Paper) ISSN 2225-0972(Online).