

**The causes of youth unemployment among tertiary graduates in Ethiopia**

By

**MEKONNEN, Meaza Ambachew**

**THESIS**

Submitted to

KDI School of Public Policy and Management

In Partial Fulfillment of the Requirements

For the Degree of

**MASTER OF DEVELOPMENT POLICY**

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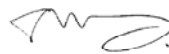
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Approval as of August, 2021

## **Declaration**

I attest that this thesis with the title *The Cause of Youth Unemployment among tertiary graduates in Ethiopia* is solely own work and has never been presented for any other type of degree in other universities. All resources used for this thesis has been acknowledged appropriately.

**Name:** Meaza Ambachew Mekonnen

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**Place:** KDI School of Public Policy and Management

**Date of Submission:** June - 14

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## ***List of ACRONYMS***

***AAU*** – Addis Ababa University

***ACBF*** – Africa Capacity Building Foundation

***AD*** – Aggregate Demand

***ADB*** – African Development Bank

***AU*** – African Union

***BDU*** – Bahir Dar University

***DESA*** – Department of Economics and Social Affairs

***EEA*** – Ethiopia Economic Association

***ESAA*** – Education Statistics Annual Abstract

***FDRE*** – Federal Democratic Republic of Ethiopia

***FGD*** – Focus Group Discussions

***GDP*** – Gross Domestic Product

***ILO*** – International Labor Organization

***KII*** – Key Informant Interviews

***MSE*** - Micro and Small Enterprises

***NBE*** – National Bank of Ethiopia

***PASDEP*** - Plan for Accelerated and Sustained Development to End Poverty

***SSA*** – Sub – Sahara Africa

***UEUS*** – Urban Employment and Unemployment survey

***UN*** – United Nations

**UNFPA** – United Nations Fund for population activities

**VVOB** - Flemish Association for Development cooperation and Technical Assistance

**WB** – World Bank

## **ABSTRACT**

This study examines the major causes and trends of youth unemployment among tertiary graduates by considering the gap between the demand and supply side of labor market. Graduate youth unemployment becomes the very critical causes for many nationwide problems in Ethiopia. Youth age groups whether educated or non-skilled can be the reasons of an economic growth if the labor force could be managed properly and used as a key resource for development. The commitment of the Ethiopian government to expand higher education institutions/ universities in all regions of the country contributed for the availability of the more educated youths regardless of the skills required by the private sector and public sectors. Most of the graduates are facing a problem of secured jobs both from government and private sector sides. This makes the youth and their families frustrated and cut their hopes of leading a better life after graduation. The study was mainly based on descriptive analysis (both qualitative and quantitative data). 637 graduate youths are selected by multi-stage stratified random sampling technique to collect primary data. The respondents were accessed both physically and online using social media from different areas of the country via questionnaire and interviews. The data collected through different techniques were examined for that reason to the objectives of the study. The results of the study showed that lack of entrepreneurship skill, low education quality, huge rural urban migration, mismatch of skill with the labour market and higher population growth were among the main causes of tertiary graduate unemployment in Ethiopia.

# **Chapter – One: Introduction**

## **1.1. Background**

Youth unemployment is unemployment of young people who does not have job, as defined by the United Nations the age range from 15–24 years old constitutes as youth. An unemployed person is defined as someone who is unemployed or have no job but willing, able to work, and is actively seeking work (UN, 2012). Youth unemployment is a serious issue globally and has an impact in most countries (World Bank, 2015). Both social and economic situation highly depends upon the capacity of the youth to engage in productive activities (International Labor Organization, 2011). Youth unemployment is worse than adulthood unemployment. Stressing many countries are facing a shift from school to work. Young people in developing countries face not only the challenge of finding a successful job but also finding a secure and acceptable job (Dorosh et al., 2010).

Sub-Sahara Africa countries (SSA) includes six of the world's 10 fastest-growing economies. However, income inequality, poverty, and unemployment rates are highly staggering (Africa Capacity Building Foundation, 2011). Unemployment rates are the highest in SSA being 32% of the total population (ILO, 2013). Africa's working-age population (15-64 years) grew from 443 million to 550 million in eight years (more specifically from 2000-2008). Youth accounted for 75% of the total population by 2015.

Expanding job availability and productivity needs a comprehensive strategy to solve the problem of obstinately youth unemployment. The African Capacity Building Foundation (ACBF) made to order Tactical Lessons to investigate strategies and capacity building primacies over graduate Joblessness in Africa: skill enhancement and technology transfer and adopting plans. This indicates how the story of others help to attain the objective of

understanding the existing situation and take a lesson which will give directions on the major policy related matters (ACBF, 2011).

The interventions designed to change the level of unemployment should consider the factors that causes unemployment.

## 1.2. Statement of the Problem

Unemployment a macro level epidemic and even the most advanced and economically flourishing countries face difficulties in promoting job creation and growth. It is obvious that joblessness was and is a key issue for every nation whether developed or not when one-third of active working age population does not have a regular job. Ethiopia, one of the rapidly growing African countries, has a history of highest unemployment rate. Though unemployment has different causes, its consequences are substantial and insightful. Unemployment in Ethiopia, predominantly among college graduate people, presents an obstruction to economic growth and economic prosperity (Ethiopian Economic Association annual report, 2007).

Youth unemployment covers fundamental variations In a diverse group of young people, such as youths living in town, young females, and low enlightening completion of young people

Among all the population youngest people live in rural areas and hence the rural partaking rates more exceling when we compared with the urban ones. Youth unemployment seems a key distinctive of city centres, and increased abruptly between 1984 and 1994. In the other way round, the youth unemployment rate in countryside parts stood only 0.7 percent in 1984, 1.2 per cent in 1994 and 7.2 per cent in 1999 (O'Higgins, 2018). This investigation is in line with those of Gebreselassie and Krishnanz 1999 that concludes the fast increasing of youth unemployment (15-29 years old) urban graduates being without a job between 1990 and 1997.

Unemployment in Ethiopia is a Critical issue, especially youth unemployment is much more than Adult unemployment, Graduate youth unemployment is the big deal and the reason for much instability in Ethiopia. Therefore, this study examines the major causes of tertiary graduates youth unemployment by considering the disparity between the demand and supply side of labour market.

### 1.3. Objective of the study

The overall objective of this study is to investigate major causes of adolescence unemployment for those graduated from higher institutions in Ethiopia. Besides, it will attempt to achieve the following couple of specific objectives.

- Assessing the overall trends of adolescence joblessness in Ethiopia.
- Assessing the extent of the effect of unemployment among tertiary graduate in Ethiopia.
- Providing the key policy instruments to overcome the deep-rooted youth unemployment challenges among tertiary graduates in Ethiopia.

### 1.3. Research Questions

- What are the cause(s) of youth stayed being without a job among tertiary graduate in Ethiopia?
- What is the trend of youth unemployment in Ethiopia?
- What are the policy instruments to overcome the deep-rooted youth unemployment challenges among tertiary graduates in Ethiopia?

### 1.4. Methodology of the study

The study used the mixed method (both qualitative and quantitative) on youth unemployment among tertiary graduate in Ethiopia. Both primary and secondary data was used in this study.

The main data source is Education Statistics Annual Abstract (ESAA) of Ethiopia. This study will show the causes of graduate youth unemployment by descriptive analysis using tabulation, and figures.

#### 1.5. Significance of the study

Achieving an objective of the study is going to have its contribution on existing knowledge of the causes of youth unemployment among tertiary graduate in Ethiopia. It will also contribute to the researcher conducting this study to be as familiar as possible with the subject matter: youth unemployment. Last but not least, this study might contribute to the future potential researchers who are interested to undertake their research on the issue in the case of Ethiopia.

#### 1.6. Organization of the study

The study is structured as follows. The Second Chapter reviews the theoretical as well as empirical literature and identifies the research gaps which are not yet studied or investigated. Chapter three will present the study area, data collection methods, and the method of the data analysis. Chapter four discussed the findings of the research. Finally, Chapter five will put concluding remarks and forward some policy implications/Recommendations.

## **Chapter - Two: Literature Review**

### 2.1. Definitions of unemployment

Due to the rapid upsurge in of graduates' youth unemployed in developing countries, it has become a multidimensional problem. It establishes an imminent risk and spite to the continent in wide-ranging and to the country and families of former students in particular. Unemployment among young people has a profound effect on national and social issues,

particularly among those who have amassed a wealth of illicit wealth, as well as among ethnic groups. It can also lead to civil strife and loss of life, looting, and the emergence of adolescent bulge and multidimensional discontent.

The definition of unemployment seems undoubtable for most of the scholars in recent years and the state of individuals who are without jobs can be called unemployed people (Okafor, 2011). The International Labour Organization (ILO) defines the unemployed as “the number of the economically active population who is without work but available and seeking work, including people who have lost their jobs and those who have voluntarily left work”.

When the types of unemployment are different, what we need to address is the need to take action using appropriate and relevant policies. This includes the following: -

- I. Frictional unemployment: “It is time spent between jobs when a worker is searching for a job or transferring from one job to another”. It will also happen when people are swapping between jobs either because they have been made out of work or are looking for new employment. It is a type of unemployment created when workers transition between jobs or are in search of a new opportunity. The duration that workers remain unemployed while transitioning through these phases is what we call frictional Unemployment.
- II. to the unemployment that results from the time that it takes to match workers with jobs (e.g. new graduates)..
- III. Residual unemployment: This is “caused by personal factors such as old age, physical or mental disability, poor work attitude and inadequate training”.
- IV. Structural unemployment: Forms of unemployment arising from changes in the structure of a nation’s output shift from primary goods to secondary or tertiary (services), the need for different types of labor changes.



- Thus, **technological change and globalization** are directly associated with structural unemployment.
  - Technological unemployment: A technique of production causes it. Constant technological changes increase the mechanization of the production process.
- V. Cyclical unemployment arises due to changes in the business cycle; it occurs when the GDP falls and the economy enters a phase of contraction.
- Unlike cyclical unemployment, seasonal unemployment occurs on a more or less fixed and predictable basis.
  - Cyclical: “demand-deficient unemployment”. This is the unemployment that arises from a fall in Aggregate Demand (AD).

For this study, I will focus on the youth unemployment who are graduated but not employed due to different reasons. Unemployment (Unemployed persons) is defined for those jobseekers, who are temporarily not in employment but searching for jobs with obligatory social insurance aids (for those developed countries) and have registered at the concerned Federal Employment Service individually. This definition also includes individuals who are searching for jobs after they are graduated from tertiary education and not receiving benefits (Developing countries) like Ethiopia. Regardless of the employment status of youths whom attend tertiary education in Ethiopia the government is working towards working towards skill development that offered by the tertiary education institutions. ILO defines the unemployed youths as “those that are economically active population who are without work but available for and seeking work.” After graduating any tertiary institutions. Unemployment exists when members of the “labor force wish to work but cannot get jobs.”

## 2.2. Theoretical Review

The cultural influence that has been existed for long in Ethiopia, the “stretched household arrangement” has captivated the effect of the problem of youth unemployment. The family of

the unemployed youth has vastly invested in the development of the child through all stages of life. However, this investment of the family in education to their children has no return for the family and for the society at large because of the reason of lack of enough employment opportunity. Similarly, investment in education using tax payers' money, with the instrumentality of the government, is wasted if graduates remained unemployed. The demand of the economy of the country and the supply of trained human resource should be in line with the expenditure that has been trading of to achieve the strategic plans of the economy.

The purpose of this study is to investigate the necessity for creating labour market to solve the unruly, if not eradicates it. According to some studies, it has been recommended for the administration to invest on skill acquiring education system "self-reliance and self-employment," in young graduates rather than making youth graduates to expect the government to absorb as a civil servant in public service sectors. As an alternative of the practice of job-seeking, the youth should be enabled to acquire innovative skills through occupational exercise at their stay in the higher institutions.

Administratively speaking, anyone may not undervalue the ability of the job seekers youth to challenge the infant democratic practice of the country unless and otherwise the government works towards engaging youths to be involved in a productive activity. As pointed out by Adebayo (2013), the unemployed youth creates a serious threat if engaged by the political class for clandestine activities.

In line with the assessment of youth unemployment, it would be necessary to look at the economic condition of the country and the contributions of sectors to the economy that the government is trying to match for employment creation to absorb youth graduates. In 2018/19, the Ethiopian economy has registered a 9 % growth. This growth was attributed to sectors such as industrial output 12.6%, service 11 % and agriculture 3.3 %. In addition to

this, the share of industry in Gross Domestic Product (GDP) has increased to 28.1 %, service sector rose slightly to 39.8 % and that of agriculture to GDP dropped to 33.3 % (National Bank of Ethiopia Annual Report, 2018/19). Even though the country is working towards transforming the economy to industrialization which would help the government to absorb huge labour force, the share of the sector is still minimal contributing 28.1 % to the country's gross domestic product. In addition to that, Agriculture sector is the highest share of the export commodity to the country and absorbing the employment share (WB, 2012). However, it is evidenced that the Ethiopian government is trying to transform the economy from agrarian based to industrial approach in such a way that brings strategies and policy options through Growth and transformation plan I and Growth and transformation plan II and recently adopting a home-grown economy agenda as a policy framework (NBE annual Report 2018/19).

From the perspective of supply and demand, youth unemployment rate will be considered. On the period of recession and on economic stagnation there is inadequate demand, this will result youth unemployment (Murat, 1995; Togan, 2008; Scarpetta et al., 2010; Torun and Arica, 2011). The definition of youth is different widely. The United Nation definition is a person who is aged 15 to 24 years. The African union (AU) definition for youth is a person who is 15-35 aged. However, for this study I am using the UN definition of youth because the study focused on the tertiary education graduates so their age is approximately 22-24 when they are graduated.

#### 2.2.1. The Main causes for youth Unemployment among tertiary graduates in Ethiopia?

Demand and supply side causes can be explained as a cause for graduates youth unemployment. From supply side causes, lack of qualifications for the required tasks such as low qualification comes from either from low level of education or mismatch between the skill and the labor market is one of the main reasons that exclude youth graduate labor force

from being employed. In the other side of the reasons for being unemployed for those youth graduates is expectation of the employers about the youth graduates in addition to the minimum wage and one-side wage legalization that aggravate youth unemployment by reducing the demand for labor. These both sides of causes lead to the rejection of many graduates from the labor market (African Development Bank, 2012).

Educated youths who have a capacity to adopt new technologies and implement it for the development agenda is the main source of economic growth (Abddul Kalam, 2004). The main objective of any country's economic growth agenda is to offer better living standards for the nation, in line with the agenda of economic growth to be achieved the role of youth is indispensable (Soral, 2005). However, developing countries like Ethiopia failed to utilize their abundant man power. Now a day, youth unemployment in general and graduated youth in particular has become a big concern for researchers and governments.

According to United Nations Fund Population Activities (UNFPA, 2005), it has been a big challenge to achieve the main millennium development goals of the developing countries to expand the productivity of the working age groups. The challenge was common for Asia, SSA countries and the Middle East where the economic growth is stagnant and youth population number is increasing. SSA countries recorded the highest unemployment rate. In the case of Ethiopia, 65 % of the population is under 25 years old and the most unemployed part of the population are those aged under 25 and graduated from tertiary education institution.

The current status of youth graduate unemployment should be taken as a series issue since the number of tertiary education institutions are increasing in number and production of labor force also increased while the demand for youth graduates is not increasing in the same trend, it is obvious that youth unemployment can increased unless the government strengthen the

recently home grown economy agenda implemented and industries are working at their full capacity to absorb labor forces (Lydia 2003-04).

In the state of the economy unemployment and youth unemployment are closely related. It is important to assess Ethiopia's overall economic situation so as to assess the youth labor market. In this part we will discuss Ethiopia's economic situation particularly in unemployment.

In Ethiopian economy Agriculture is the largest contributing over 40%, Service is the second and Industry little bit contribute almost 10% to GDP. The largest share of the economy Agriculture is contributing 60% for export and 85% of the population is employing here (WB, 2012).

Five year development plans are the main guidelines of government policy in Ethiopia. They outline the overall strategic priorities and policies of the government. The country's development plans emphasize creating employment and income-earning opportunities in the modern sector, the informal sector, and on farms. Unemployment and underemployment are targeted with special attention given to youth and women.

The economy grows; the rate of employment will increase (Okun's Law). Therefore researchers mostly examined the GDP effect on employment. Many researchers conclude that GDP performance has an indirect relationship with youth unemployment (Caporale, 2014:9; Bayrak and Tatli, 2016; Bruno et al., 2017).

From the perspective of supply and demand, youth unemployment rate has been considered. On the period of recession and on economic stagnation there is inadequate demand, and this will result youth unemployment (Murat, 1995; Togan, 2008; Scarpetta et al., 2010; Torun and Arica, 2011).

All over the world youths whom are aged between 15 – 24 years are 1.2 billion, some of them are the part of the labor force and largely concentrated in developing countries, almost 19% are lived in Africa United Nations (UN) Department of Economics and Social Affairs (DESA). In Africa it is expected by 2030 and by 2050 that the growth of youth will be 42% of the total population. According to ILO reports unemployed youths worldwide is 64 million and even the employee youths lived in poverty are 145 million. As of the above definitions, in most developing countries the number of youth and youth unemployment rate are raising, Now a days mainly in Sub – Saharan Africa, It's a key policy issue to make tackle the youth bulge.

Many economic literatures have scarcely challenged the relationship between GDP and Youth Unemployment is tackled by economic literature and the concept was examined in isolation from Economic Growth. Some studies concentrate on the relationship between higher education and employment (Lee and Chung (2015), and others focus on the link between higher education-economic growth (Brynjolffson and MCfee (2014); Zaneta and al. (2015).

The greatest resource for economic growth compared to any other resources is innovative minds of youth (Abddul Kalam, 2004). Economic growth and nations wellbeing is depend on Youths because youths are the backbone of the society. Educated youth have a greater potential for economic growth and viewed as a great resource (Soral, 2005). However, most developing countries failed to utilize their abundant man power. All over the world now a day's youth unemployment in general and educated youth in particular has been big concern for economists and governments.

One of the main Millennium Development Goals is to expand young people's productive work. The challenge is obviously considerable with the ages of 15 and 24 whom are

unemployed. This is so in Asia, sub-Saharan Africa and the Middle East the poor countries and youth populations are still increasing. The poorest region with highest unemployment rates are sub - Saharan Africa (UNFPA, 2005).

In Ethiopia under 25 years old youths are 65% of the population and we can call Ethiopia a youthful country. Now we understand that unemployment is a serious problem in Ethiopia and may worsen in the near future because the current labor market and the number of tertiary graduates are not matched and the number of higher institutions is increased over time with no promising job opportunities. It failed that holding education for social or economic mobilization as it is a traditional approach. There is no a means to be sure for youths who are graduated from tertiary education to have a job after completing their education (Lydia 2003-04).

### 2.3. Empirical Review

According to the state of job creation report, Ethiopian Job Creation Commission (2019), revealed that youth graduate unemployment is increasing due to the reasons such as an oversupply of the educated labour force, unrealistic graduate expectations for the job market and labour market frictions. A similar report by UEUS (CSA, 2018) showed that youth graduate unemployment rate increased from 6.06 % in 2014 to 9.22 % in 2018. Youth unemployment is highly increasing compared to total employment in the country. A tracer study by Jerusalem (2014) using tertiary education engineering graduates of both AAU and BDU found that there exists always time gap (which ranges from 6 months to one year) between their graduation and the time they got job. According to the study, youth graduates were mainly employed in public sectors due to the fact that the expectation of the graduates and the capacity of the private sector to absorb youth graduates was limited.

Various studies have confirmed the presence of skill mismatch is among the major causes of graduate unemployment (Getachew, 2018). The study has used snow-ball sampling technique to select graduate students of Debre Birhan university who graduated from 2011 to 2013 and purposive sampling technique were used to select employers who have employed graduates of the specified institution. According to the study about 65.9 per cent of the graduates confirmed that their level of requirement fits the kind of job they got and very significant percentage (31.5) have reported the skill they acquired during their stay at the university did not much with the job they are working. On the other hand, about 64.4 per cent of the employers who participated in the tracer study have indicated that they are satisfied with the graduate employed in their company.

Similarly, the study conducted by AAU & BDU which both are amongst the well-known public universities in Ethiopia on technology graduate students examine the presence of skill mismatch on the labour market can be a cause of unemployment. Basic computer and related technology skills among students graduating from the Medicine College and the Health Sciences College include major skill inconsistencies identified in the survey. In addition, the study found that research abilities have been acknowledged as a major limitation for graduated students (A Tracer Study (2011 – 2013, Getachew Tefera). Most types of skill mismatches include research related skills for social students, computer usage, and practical implementation skill mismatches. According to the study, the skill mismatch is due to the poor design of higher education curriculum.

Macroeconomic instability is one of the causes of unemployed youth graduates in the country, the persistent skill gap between worker's knowledge and labor market demand; the mismatch of a graduate's skill and an employer's demand often faces challenges finding employment in the areas of expertise (Job creation commission state of job report 2019).



Hino and Ranis (2014) encourage research on transition to labour markets as there is very limited methodical proof on the topic. In the study, the researcher is reviewing the literature that often focuses only on school-to-work transition since the study focuses on youth graduate unemployment and tertiary education in Ethiopia. This is because in reality the path to full-time employment is not only short and direct as it used to be for previous generations when joining the labour market directly after finishing schooling was more or less the norm. Very significant number of youth who fail to get full time job often spent a non-negligible number of months or years in self-employment/informal sector, casual work and in unemployment. Now the route to first job is long and bumpy for most young people in Ethiopia and in Africa in general. Therefore, studies that cover any of these transitions will be considered here. There are few studies that focus on youth employment outcomes in Ethiopia (Kedir, 2015; Broussard and Tekleselassie, 2012; Guarcello and Rosati, 2007; Serneels, 2004).

Kedir (2015) highlights the labour market disadvantage against women in Ethiopia using evidence for the periods covering the 2006 UEUS and 2012 UEUS undertaken by the CSA of Ethiopia. He discusses key indicators of job security by looking at the proportion of women and men in permanent, temporary, contract, and casual employment. The study finds an encouraging increase in the proportion of individuals securing permanent employment with a concomitant decline in temporary work followed by contract employment and casualization of work.

Another important indicator of labour market insecurity for Ethiopian women in men examined by Kedir (2015) is related to the duration of unemployment which is measured by the number of months without a job. According to the study, Females faced longer unemployment spells than males both in 2006 and 2012. However, in 2012, the average number of months without work for females was 21.9 months compared to 25.2 months in

2006. With regard to school to work transition, the recent literature concentrates on making a useful contribution in incorporating specifically transition routes that are traditional neglected by showing that transitions that young people make are not always after completing a certain schooling cycle (e.g. secondary education). For instance, using data from South Africa, Pugatch (2012) examined the effect on school to work transition of re-enrolment by youth after a certain period spent dropping out of the schooling system. The study used a dynamic model of school advancement plus job-search which lets for re-enrolment after dropout and found that restriction on re-enrolments will raise the percentage by 6 percent to have completed a minimum of 12-years of schooling.

A study conducted across European countries has acknowledged that unfavourable health outcomes and consequences (including both physical and psychological) are also associated with unemployment, which tend to increase and become worse unreasonably with the length of unemployment. In addition to this type of relationship, individuals who are currently unemployed and employed but not secured in their future (their employment is not guaranteed and always fear not to lose their job) will have unhappy life exposure. Unhappy life experience will also contribute to mental and physical adverse health of individuals. Eventually, unemployed youth might increase their participation in crimes (O'Higgins, 2015). All those unemployment related challenges might added up together to bring a country into turmoil and hence political instability which eventually have an adverse effect on the economic growth.

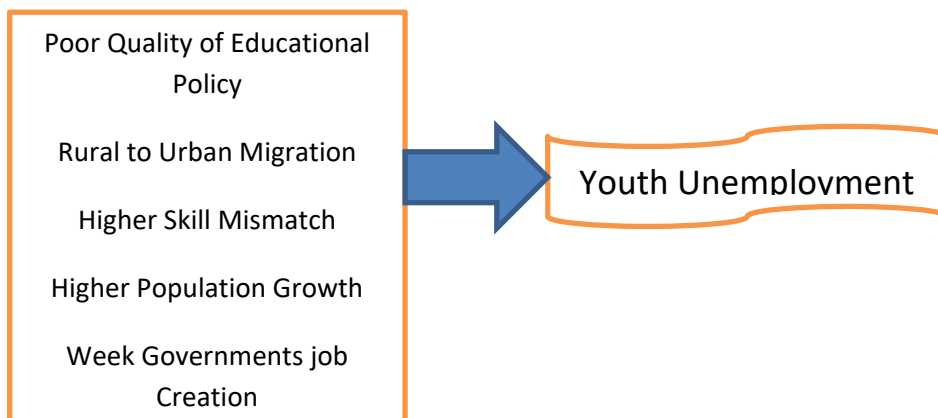
In many research and policy discussions, one of the most discussed topics those days is the increasing graduate unemployment rate that most developing countries are experiencing. This is because of many intertwined reasons. On one side it is wastage of capable human capital and on the other hand, higher youth unemployment is directly related to instabilities in politics and socioeconomic endeavours. In other words, the expectation of students spending

both their time and money is so as to gain educational advantages that are unobtainable at high school level. As a result, youths will be more exposed to adverse economic conditions if they are facing unemployment after their graduation and spending their resources (Youngsik Hwang, 2017).

Though most Africa countries have experienced strong and fast economic growth, studies have come up with a finding that the presence of huge youth unemployment is among the most crucial challenging cause of political and socioeconomic instabilities. For instance: there is a study conducted on forty one African countries a period covering from 2000 to 2010 and concluded that the Africa's key aspects resulting an increased youth unemployment includes, but not limited to, higher number of youth group as well as unfortunate economic growth. In line with this result, the study has also found that there exists the level of is higher among female youth compared with their counterpart and the problem is more concentrated around the area. This is more concerning in the sense that there is inequality among various socioeconomic and demographic indicators. According to this specific study, the problem of youth unemployment could be at least minimized if interventions or policy are directed towards those sectors (agriculture and manufacturing) with the capacity to have high labour absorption. Interventions should be also expand job-creation policies and applying a measurement to control the higher growth rate of population aimed at tackling the problem in the continent in general. In order to facilitate the economic growth of the countries and hence to expand the investment on education, it is found to be crucial to support and use the room to ensure higher progress in mining and extractive industries which are low employing sectors. This in turn can be used as resource engendering opportunities to endorse investment in general. (William Baah-Boateng, 2016).

## 2.4. Conceptual Framework

As we identified from our literature review and contextualized to Ethiopia, the listed variables have an adverse effect on the state of youth employability. Poor quality of educational policy that undermine the practical need of the country's economy indulging trained human capital contributed for the prevalence of youth unemployment in Ethiopia. According to the review, higher population growth and rural urban migration pays for the higher rate of youth unemployment. As the objective of job creation commission established in recent years has trying to crate employment opportunities for those fresh graduates, it is not as such efficient as proposed in their policy documents hence job creation requires the emergence of new manufacturing industries and entrepreneurial capacity of the graduates that come out from the higher institutions.



## Chapter - Three: Research Designs and Methodological issues

In the proceeding sections, the researcher explains the method as well as design of the research, populations which are targeted for the study, the sample size and multi-stage stratified random sampling technique, data type and resource used, instruments used to gather data and analysis at the end Ethical considerations applied.

### 3.1. Research design

Among the various types of study designs, I will conduct a descriptive study, since it agree to investigating effects of the independent variable causes of graduate youth unemployment on dependent variable. Mixed research approach is adopted here in the research. Adding the chosen study methods will help me to openly meet multiple interests and needs in research.

#### 3.1.1. Targeted Population

In this study the targeted population will be those who graduate from tertiary education/higher institutions or universities and colleges who are still unemployed due to different reasons. It will also let participate those individuals who have an experience of being unemployed after graduation. The study will be conducted in Ethiopia targeting graduates from different universities all over the country and searching for jobs. The number of graduates seeking for job in the country will be outsourced with the consultation of higher education institution office and CSA.

#### 3.1.2. Determining the Sample size and Framework of Sampling

This study with special emphasis on determination of sample size and sampling frame did not meet what was proposed by the researcher for many reasons, mainly government response to COVID-19 including public sectors being partially opened. The framework to select respondents to participate in this research was planned to be selected using multistage sampling technique while the sample was intended to be determined using Yemane taro estimation technique. However, due to those obstacles, I have tried to modify and reconsider those two specific issues in the actual work. Therefore, instead of using multistage sampling technique, the researcher has employed snowball <sup>[1]</sup> sampling technique where few individuals who experienced unemployment after their graduation were contacted and asked to hire other samples that are eligible to participate in the data collection stage. I have used

email distribution techniques as well as in person meetings at places where there are billboards for job announcements and job fairs. In some cases, a simple random sampling technique is also applied to select respondents. I have to mention also that I have received assistance from professors who work at universities by selecting respondents.

Regarding the sample size, even though I have proposed to use the following estimation technique by Yemane Taro (1964), I have to put a solution for the limitation faced by collecting as many data as possible by letting many individuals to take part in the data gathering process, the sample size I decided is more or less consistent with various sample size determination techniques including the rule of thumb. Finally I applied the formula for unknown population size to estimate the sample size.

Initially proposed sample determination technique	Sample size estimation formula used finally
$n = \frac{N}{(1 + Ne^2)}$ <p>Where: n and N are sample size obtained and total number of targets. And e = sampling error usually it is 5 percent.</p>	$n = \frac{z^2 p(1 - p)}{\epsilon^2}$ <p>Where p is the probability of being unemployed after graduation and 1-p will be the probability of being employed. The researcher decided p=0.5. I wanted 99 per cent confident about my result then z-score is 1.96 and margin of error is 5.</p>

$$n = \frac{z^2 p(1 - p)}{\epsilon^2}$$

$$n = \frac{2.58^2 0.5(1 - 0.5)}{0.05^2}$$

$$n = \frac{6.6564 * 0.5 * 0.5}{0.0025}$$

$$n = \frac{1.6641}{0.0025} \quad \mathbf{n = 665.64 \approx 666 \text{ units}}$$

Last but not least, the sample size obtained using the formula employed in this study is 666 units of individuals; however, I have to add 84 more respondents in order to make sure all the necessary information is collected. This will solve my fear if as many respondents are declining to give the right data, refusing to participate or misinterpreting the survey questionnaire. It is very crucial that collected data must be checked for their validity and relevance to the study and cleaned well, thus, collecting data from more than the estimated sample size will increase the level of accuracy.

### 3.2. Data Gathering Instruments

As it is discussed above, mixed method<sup>1</sup> is employed including a structured questionnaire will be used as the measuring instrument.

In order to be able to collect all the necessary and relevant information for the study, the researcher also employed KII with well-informed experts and arranged FGD where information about the features, causes and trends of youth unemployment is sufficiently gathered.

Structured questionnaire is a type of interview in which the researcher will asks a particular set of predefined questions for the selected graduate youth unemployed. In this particular case all respondents will be asked the same questions in the same order and will consist of both closed or prompted an open-ended question with predefined answers.

KII: KII is also undertaken. KII are qualitative in-depth interviews with people who know what is has happened and what is happening in the labour market. The main purpose of collecting information from different people is to conduct informative interviews. KII involve interviewing people who have particularly informed perspectives on an aspect of the graduate

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<sup>1</sup> By mixed method, we mean the composition of both quantitative and qualitative methods.

youth unemployment. Practically, KII typically involve a one-on-one conversation between a researcher and a key informant.

KII will be held with Experts at woreda level in Addis Ababa city administration. The KII will also be undertaken with the Ethiopian job creation commission, higher education institutions experts and researchers working in the area. It will be necessary to collect information on achievements, knowledge, and perception, complains and challenges faced by the graduate youth unemployed.

Desk/Document Review: Desk review will be done to have information and understating about the causes of graduate youth unemployment in discussion. Such review allows the researcher to familiarize herself to all the major issues and important discussions concerning the causes of graduate unemployment study. The research team will review relevant available literature, previous reports and reports of other organizations working in the issue.

FGD: in addition to KII and desk review, FGD will be used to assess the implementation modalities, effectiveness, success, challenges and lessons learned. Since FGDs involve smaller groups, they allow us to ask structured and individually tailored questions to the gather detailed and precise information about the causes, challenges and solutions of graduate youth unemployment. It is also very helpful to gather thoughts and opinions on a topic.

### **3.3. Methods of Data Analysis**

After the data collection, I have employed relevant statistical techniques to make analysis on both types of data collected using the aforementioned data collection tools. Therefore, the collected data will be processed by using STATA and Excel.

Frequency tables are employed aimed at having a summarized the respondent's composition using frequency as well as %age. In addition to this, a descriptive statistics including average



and St. Dev of unemployed graduates will be calculated in order to determine the causes of youth unemployment.

Consequently, the study has used a two-tailed Pearson correlation analysis to show the association existed between several unemployment issues like skill mismatch and demands of the employers out of the public service. The correlation analysis supported in determining both the form and degree of the relationship between the knowledge acquired by the graduates and the skill demanded by the employers.

#### 3.4. Validity and Reliability of Data

Reliability of data is related to its consistency and it refers to the extent to which the data is the same irrespective of their source. The validity is concerned with the accuracy or truthfulness of the data. Mainly data from secondary sources, therefore any error from that data gathering procedure affect the conclusion. The data will take specifically from the higher education institutions responsible for the tertiary education which is reliable.

#### **3.5. Ethical consideration**

The researcher has attempted to follow the standard and practices of the uppermost professional as well as ethical standards. Respondents who have approached in the study are given full information about the objective and nature of the survey. They are also informed that they are free to withdraw the interview whenever they feel uncomfortable. The researcher does not issue compensation to respondents for the participation.

The questionnaires was designed in such a way that targeted populations/graduated youth unemployed cannot give any information that may reveal their identity. The questionnaire is also being administered to keep the graduate youth's identity safe; has asked to drop the completed questionnaire in a box prepared for this purpose. Interviewers were be instructed that if privacy could not be ensured, the interview must be terminated; higher education

institution are consulted before the survey and explained about the whole process of survey and their permission.

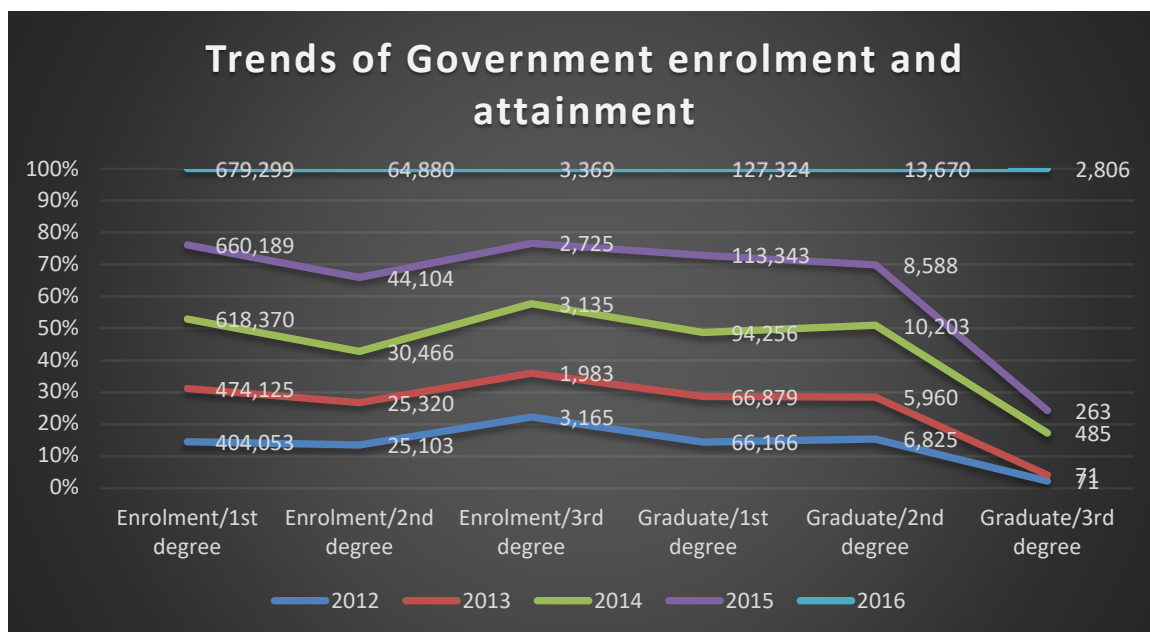
## **Chapter Four: Data Presentation, Result and Discussion**

### 4.1. Data Presentation, Result and Discussion

#### 4.1.1. Secondary data presentation

The study intended to use secondary data collected from higher education institutions in order to infer whether there exists a difference in gender for the educational attainment and know difference in trends of both private and public higher institutions. Accordingly, to the secondary data, private higher institutions are not accredited to offer doctoral level studies except for a few in number that provide doctoral degree for medical studies. This can be evaluated from the point of view of producing more trained and skill full graduates rather than putting every burden to the government institutions.

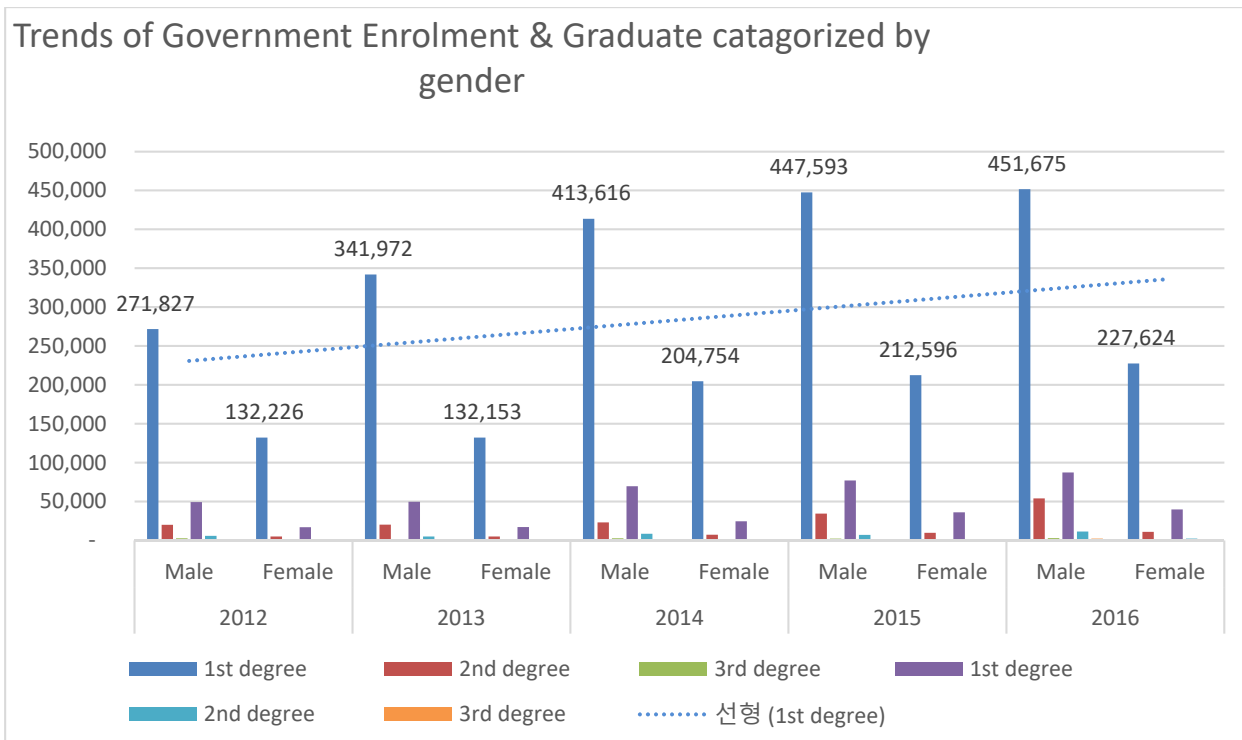
*Figure 4.1. Higher Education and graduate enrolment trends in Ethiopia*



Source: FDRE, MoE, ESAA

As we can see in the graph, the student's enrolment and graduation rate of higher education institutions are increasing, but the number of students graduating from higher education institutions each year is much lower than the number of student's enrolment. This shows that there are many students who drop out of higher education for various reasons, although the main focus of this study is on graduate students, the difference in the number of student's enrolled and graduating raises the question of where are students who drop out of higher education fall for a variety of reasons. Unemployed and desperate youths created because of the moral pressures they spent years graduating from higher education and helping themselves and their families with jobs. Otherwise, where will these youth go? The government does not have an enough practical implementation for a policy on job creation and other options, for graduate students. Let alone for students who drop out of higher education for various reasons.

**Figure 4.2. Trends of Government Enrolment & Graduate categorized by gender**



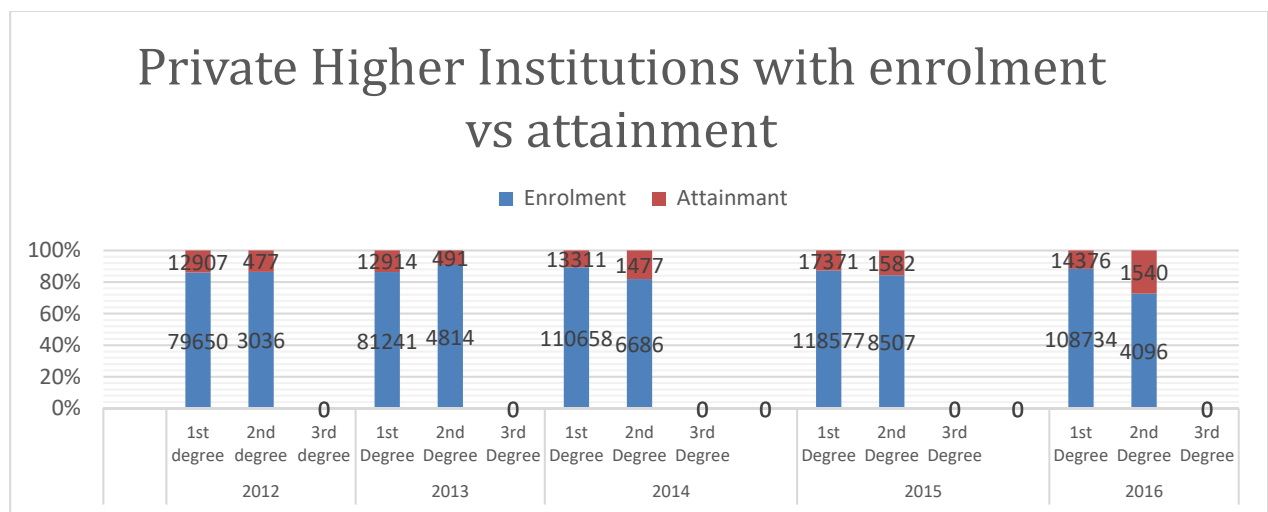
Source: FDRE, MoE, ESAA

According to the secondary data that has been collected from the higher education institution regardless of the quality of education, the enrolment rate showed an increasing trend in the country. The enrolment rate indicates that the improvement of access to higher education to the population in the country. However, it doesn't mean that enrolment by itself is a final target for the higher education institutions otherwise producing competent and skillful labour supply/ graduates to be engaged in the labour market as well as to become as an entrepreneur.

The above graph 4.2. shows that the gap between the enrolment and attainment rate for both levels of education in the country. There is a difference between enrolment and graduate for the first degree in government higher education institution. This can be due to incompetency to keep and complete the state of education in the predefined year/period rather accumulated to the next year. The above graph shows the 5 consecutive years of enrolment and graduate trends, it reveals that the enrolment and graduate of males of the 1<sup>st</sup> Degree, 2<sup>nd</sup> Degree and 3<sup>rd</sup> Degree student seems approximate or the gap looks smaller. However, when we look at

the female student's enrolment and attainment rate, they are less than by half from male student's state of enrolment and attainment. In our country despite the significant efforts of the government to address gender inequality, particularly in the field of education, there are still clear indication that the wide differences in both enrolment and attainment. This phenomenon also tends to the female graduate unemployment condition in the labour market.

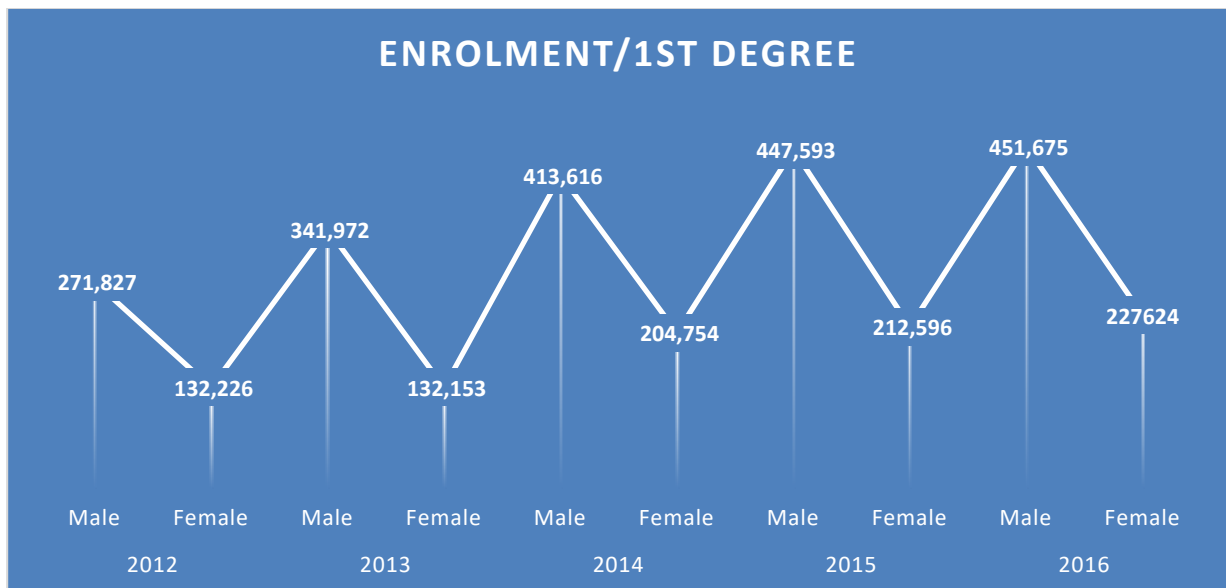
**Figure 4.3. Enrolment versus Attainment**



Source: FDRE, MoE, ESAA

Non-Governmental Higher institutions in developed countries have a vital role to produce quality graduates for the labour market. In the case of developing countries like Ethiopia, the enrolment of the first-degree program in non-governmental higher institutions seems moderate. The private higher institutions have been given mandates to train students based on the prerequisite of the government. Students who can't join the government higher education institutions due to several factors joined the private/ non-government higher education institutions. Most of those engaged in learning at the private sector have jobs with their family business or employed with a minimum wage until they come to graduate and awarded the degree. The number of enrolled students recorded an increment from 79,650 in 2012 to 108,734 at the non-governmental universities attending their first degree. In the same fashion, there is an incremental of the state of graduates in year 2012 to 2016 from 12,907 to 14,376.

**Figure 4.4. First Degree Enrolment**

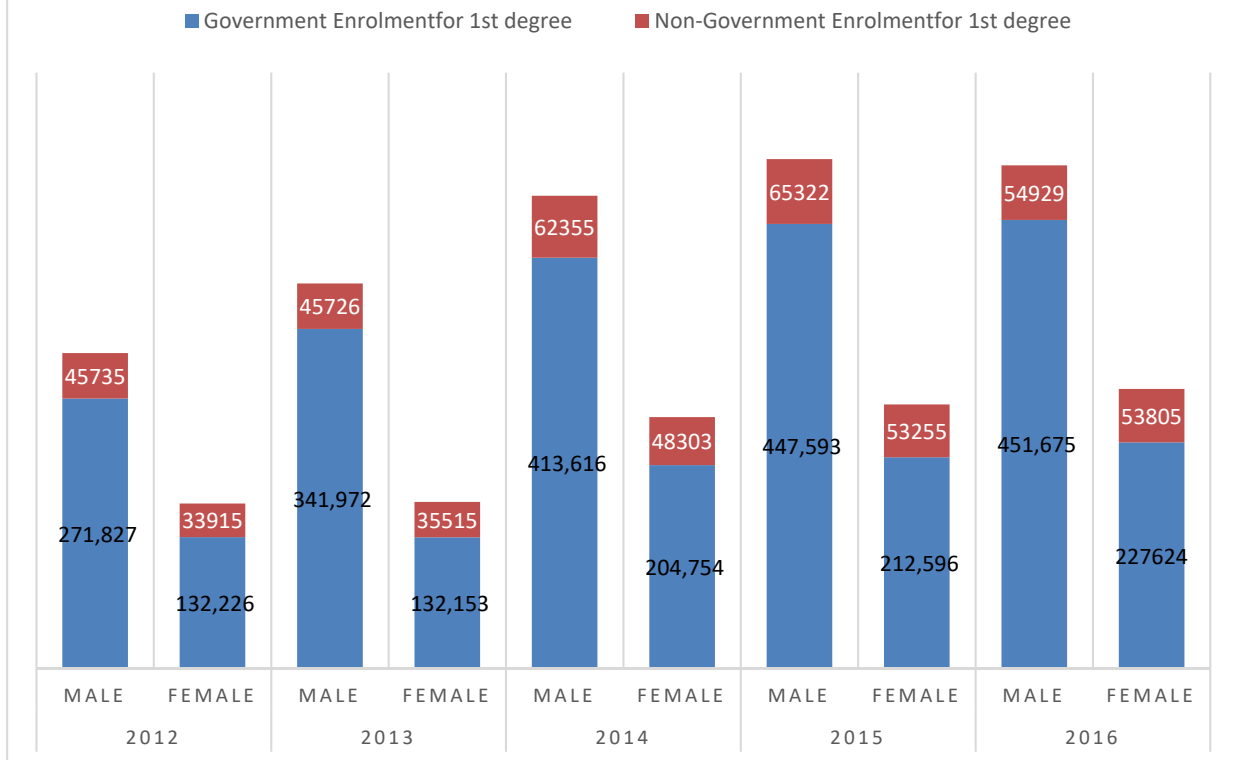


Source: FDRE, MoE, ESAA

Enrolment trend in the higher education institution for the first degree categorized by gender has been diagnosed and presented. The state of the trends of female students' enrolment is increasing in spite of the fact that its increment compared to male students' enrolment is smaller in number. This finding is in line with the results of the study by W. Melese and G Fenta in 2009. According to W. Melese et al., the enrolment and dismissal of female students was decreasing due to different major factors that cause them to dropout from the higher learning institutions. In this study the female enrolment in 2012 was 132,226 and male students' enrolment was 271,827, whereas 227,624 female enrolment and 451,675 was recorded in 2016 and this reveals the wider gap of the two sexes enrolment rate.

**Figure 4.5. Government versus non- government enrolment**

## GOVERNMENT VS NON- GOVERNMENT ENROLMENT



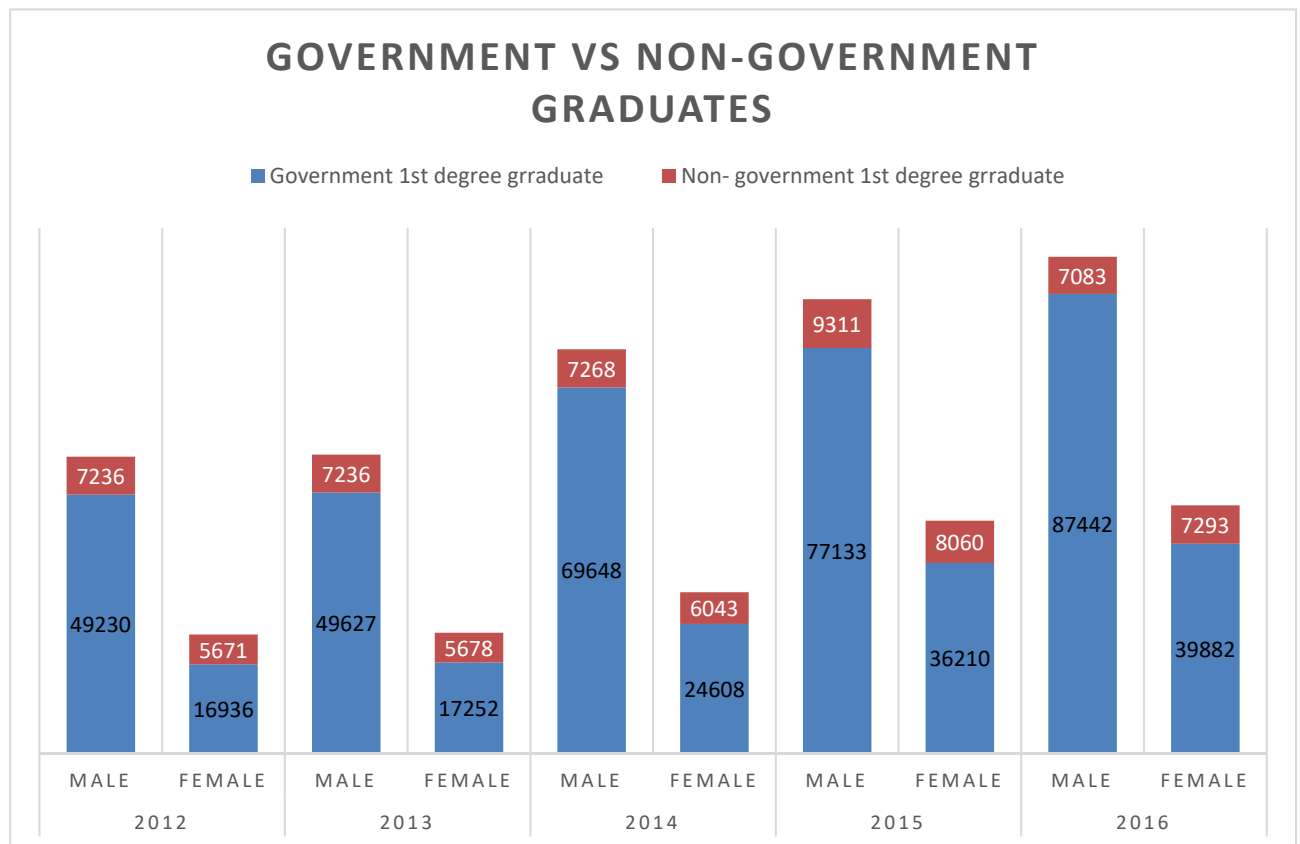
Source: FDRE, MoE, ESAA

In the above sections, current trends related to higher education enrolment discussed in consulting with the secondary data from previous research and literature. The trend of enrolment both in government and non-government institutions showed an increasing trend. The number of first-degree enrolments in the private sector is significantly smaller than the number of enrolled first-degree students in non-government institutions.

From the above figure 4.5., we can clearly understand that though the enrolment of students in both government and private higher educations in the University is increasing from year to year, it should be noted that it is far from reaching gender equity in higher education. For instance, the number of male students enrolled in the year 2012 is 271,827 while the number of females enrolled in the same year is only 132,226. In other words, even though there is a steady increase in the general number of male and female students' enrolment, there is still wide gender disparity that is the gap between the two sexes is yet wide and a subject of

discussion. For example, if we take the number of female students enrolled in 2012 in government higher institutions is much smaller than female students enrolled in government institutions. For the comparison purpose, in 2016 the number of enrolled female students in government higher education for the first-degree level education is about 227,624 whereas that of the private higher education female student's enrolment counts 53, 805. The results of this study is also supported by the study Wudu M. & Getahun F. (2009) investigating the Trend and causes of Female Students Dropout and finds the major factors caused female students to be dismissed from the university include harassment, homesickness, lack of assertiveness training, teachers gender insensitivity, absence of special support program, poor time management, anxiety, financial problems lack of proper guidance, and counselling service and department placement without interest.

**Figure 4.6. government versus non- government Attainment**



Source: FDRE, MoE, ESAA



The trend of graduates from both government and non-government higher education institutions showed an increasing trend from 2012 to 2016. As the above graph indicates clearly, there is a huge gap between government and nongovernment graduates as depicted in the trend of state of enrolment. The difference in the number of graduates is not limited between private and government higher education's rather the wide gap existence in gender parity among government and private higher education institutions graduating student numbers.

Having the fact that youth graduate unemployment is the main challenges of the developing economy such as Ethiopia, youth issues were given only limited consideration in the policy formulation process of the country until recently. The current policy emphasis on the promotion of the private sector, expanding investment to improve the productivity of agriculture and introducing off-farm non-agricultural activities for the purpose of employment diversification in both rural and urban areas. The educational policy that is implemented as 70/30 produces more of the hard science. In the other way round, the government did not give enough materials and infrastructures to get practical knowledge. Therefore, the country needs to have an aggressive policy measures that will stimulate private investment at large and create job opportunity since ensuring the sustainability and survival of the enterprises created is crucially important for employment creation.

Those students joining the private institutions are scoring under the government standard that can't score the minimum criteria of the entrance exam of the country. Due to the policy limitation of the government to regulate private higher institutions the attainment rate is higher compared to the government institutions. This may contribute for the skill mismatch that the labor market demanded and finally for the unemployment rate.

#### 4.1.2. Primary data presentation<sup>2</sup>

This chapter deals with presentation, analysis and discussion of the study, the response rate, demographic characteristics of respondents, trends of enrolment and graduate unemployment, what the causes of unemployment are and so on. As this study tried to justify in chapter three, though Yemane Taro (1964) sample size estimation was proposed during the development of the proposal, due to reasons related to government decision to partially or fully close public office as a response to COVID-19, we put a solution for the limitation faced by collecting as many data as possible by letting many individuals to take part in the data gathering process, the sample size decided is more or less consistent with various sample size determination techniques including the rule of thumb. the sample size obtained using the formula employed in this study is 666 units of individuals; however, the researcher add 84 more respondents in order to make sure all the necessary information is collected. This solves the fear if as many respondents are declining to give the right information, refusing to participate or misinterpreting the survey questionnaire. It is very crucial that collected data must be checked for their validity and relevance to the study and cleaned well, thus, collecting data from more than the estimated sample size increased the level of accuracy. Therefore, a total of 750 questionnaires were distributed to respondents using email as well in person, out of this 680 were returned producing an overall 90.7% return rate. However, not all returned questionnaire are used for the analysis. Returned questionnaires are checked for their

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<sup>2</sup> *This study with special emphasis on **determination of sample size and sampling frame** did not meet what was proposed by the researcher for many reasons, mainly government response to COVID-19 including public sectors being partially opened. The framework to select respondents to participate in this research was planned to be selected using multistage sampling technique while the sample was intended to be determined using Yemane taro estimation technique. However, due to those obstacles, I have tried to modify and reconsider those two specific issues in the actual work. Therefore, instead of using multistage sampling technique, the researcher has employed snowball sampling technique where few individuals who experienced unemployment after their graduation were contacted and asked to hire other samples who are eligible to participate in the data collection stage. I have used email distribution techniques as well as in person meetings at places where there are billboards for job announcements and job fairs. In some cases, a simple random sampling technique is also applied to select respondents.*

completeness and genuinely filled, data must be cleared and prepared as suitable as possible for the analysis. As a result, about 43 of them are excluded and the following analysis and discussion is based on 637 completed questionnaires which accounts 84.9 per cent of the distributed amount.

***Table 4.1. Summary of demography of respondents***

Source: survey data 2021

As shown in table 4.1, the majority of the respondents were in the age range between 26 and 30 years old. According to the information obtained from primary data, the majority of the respondents are within the range of 21-25 and 26-30 years of age. These groups are the targets of the study and indicators of youth unemployment. Another indicator used to disaggregate our respondents is gender: as we can see from the table above the mean of the participants in terms of their gender is 0.4898. Since we code female respondents 1 and male respondents as 0, this mean explains that about 49 per cent of them are female and the remaining 51 per cent are male. As it is discussed in the previous section, the study used use multi-stage stratified random sampling technique.to select participants who take part in the

Variables	Obs	Mean	St.Dev	Description
Age	637	.7347	.6322	0 if age = 21-25, 1 if 26-30, 2 if 31-35 & 3 if age is 35+
Gender	637	.4898	.5003	Male =0 and Female =1
Discipline	637	.4489	.4978	0 if Natural Science and 1 if Social Science
Residence Area	637	.1020	.3029	0 if Urban and 1if Rural
Mother_education	637	1.7346	1.0064	0 if no education, 1 if elementary school, 2 if secondary school and 3 if attended university
Father_education	637	2.2040	.9901	

study that offered information as a primary source. Regarding the discipline, there is no significant difference among the social science and natural science graduates', but the number of respondents from the natural science graduates was slightly higher than the social science respondents.

This may be attributed to the high intake of natural science students in higher institutions in Ethiopia. Hence, the Ethiopian Ministry of Education introduced 70:30 program and professional mix policy to raise the intake of natural science disciplines. Based on this program fields such as engineering, health, and agriculture have 70% enrolment allotment. On the other hand, fields such as business, economics, and other social sciences such as law, humanities, and languages education have an allotment of 30% in public higher education institutions (Abeje, 2014; MoE, 2008; Kibrom, 2015; & Mulu, 2012). Linking our data with the residence area urban unemployment significantly higher than rural unemployment. This is maybe due to the higher rural-urban migration in search of a better work environment in urban areas in Ethiopia. Tracing back to the parents which is captured by mother's and father's education level, most of the respondents say their mothers and fathers have completed secondary education, which is their higher education levels.

The reason why we want to know about the educational background of respondents' families is that there are evidences revealing individuals from higher socioeconomic status (educated families, higher wealth and socially accepted) tend to send their children to school and know the importance of education. The fact that they value education better than their counterparts, they have higher likelihood to grasp better theoretical and practical knowledge during their stay in school which at the end help them to be competitive in the labour market. As shown by table 4.1 above, the mean of mother's education and father's education of the respondents is 1.7346 and 2.2040 respectively. As we can check what this means from the description of the indicators, fathers of respondents are relatively educated than mothers but the over all

education level is not greater than secondary school. This may have its own implication on being competitive and employed.

**Table 4.2. Status of respondents**

Variable	obs	Mean	St.Dev	Description
Educational Level	637	.2857	.4521	0 If no schooling,1 elementary,2 secondary, 3 university
Methods of searching Job	637	4.1554	3.4735	See the footnote <sup>3</sup>
Unemployed Period	637	1.5510	1.2473	0 if 1-3 months, 1- 4-6 months, 6-12 months -2 and morethan a year - 3
Job & discipline mismatch	637	.3061	.4612	1 if yes and 0 otherwise
Resettled	637	.4694	.4994	1 if yes and 0 otherwise

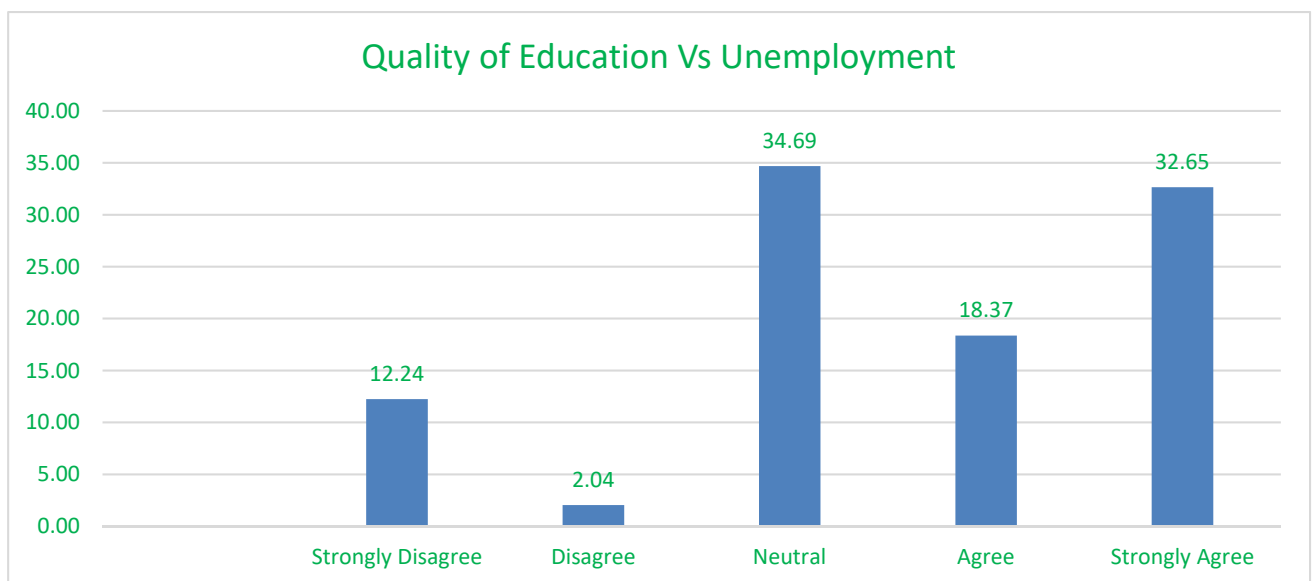
<sup>3</sup> 0 if Registration at a private employment office, 1 if Direct application for employers, 2 if Attending job fair. 3 if Seeking assistance of friends, 4 if Relatives, 5 if Colleagues, 6 if Union, 7 if Reading newspapers, 8 if Magazine, 9 if Billboards, 10 if Internet browsers, 11 if other (please specify).

government provides employment opportunities	637	.1277	.3339	1 if yes and 0 otherwise
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Source: survey data 2021

From the above table 4.2, we can observe that most of the respondents were first degree holders and they have explained that they get the information of job openings from many sources mainly from vacancy billboards. Regarding the period of unemployment, many of the survey respondents got their job after looking for a job from 6 months to 1 year. The job and discipline mismatch are higher among natural science students comparing with their social science counterparts. The government was also confined to not creating sufficient job opportunities.

**Figure 4.7. Quality of Education**

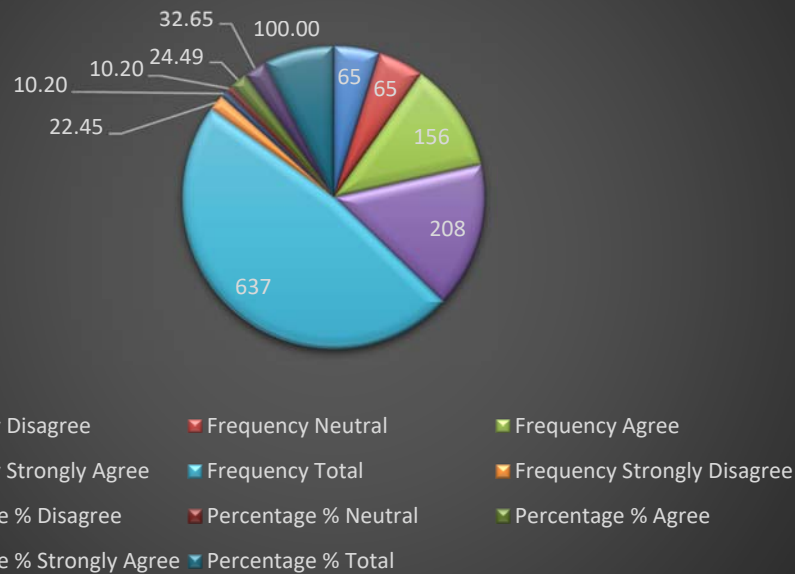


Source: Survey data 2021

The graph shows the perception of participants regarding the education system and the labour market. 32.65% of them strongly agree with the quality of education as a determinant factor of unemployment. This result is aligned with the results of Broussar and Tsegaye (2012), that investigated the relationship between graduate employment and education. The respondents strongly believe that there is a direct relationship between graduates youth and youth unemployment. The respondents know their experience in the higher institution, here they are reflecting their understanding from their experience, according to Flemish Association for Development cooperation and Technical Assistance (VVOB's) definition of quality education "all learners with capabilities they require to become economically productive, develop sustainable livelihoods contribute to peaceful and democratic societies and enhance individual well-being. But the graduates of the higher educational institutions that have responded to my questionnaire are not economically productive, developed sustainable livelihoods to contribute peace and democracy for their societies and they are not secured. In fact, some of them are family-dependent and do not even contribute to a democratic society. In additions, because of different reasons such as lack of productivity, youth graduates are easily deceived by the preaching of the forces that are trying to create a crisis. This also creates the tendency of joining the moves that adversely impact the labour market conditions. As an example, they assured me the reality on the ground that the youths are to the current crisis in our country. About 34.69% of them were neutral regarding the linkage between quality of education and the level of unemployment. This implicate that despite the progress in educational attainment, youth unemployment persists among graduates.

***Figure 4.8. Skill Mismatch***

## skill mismatch and the labour market



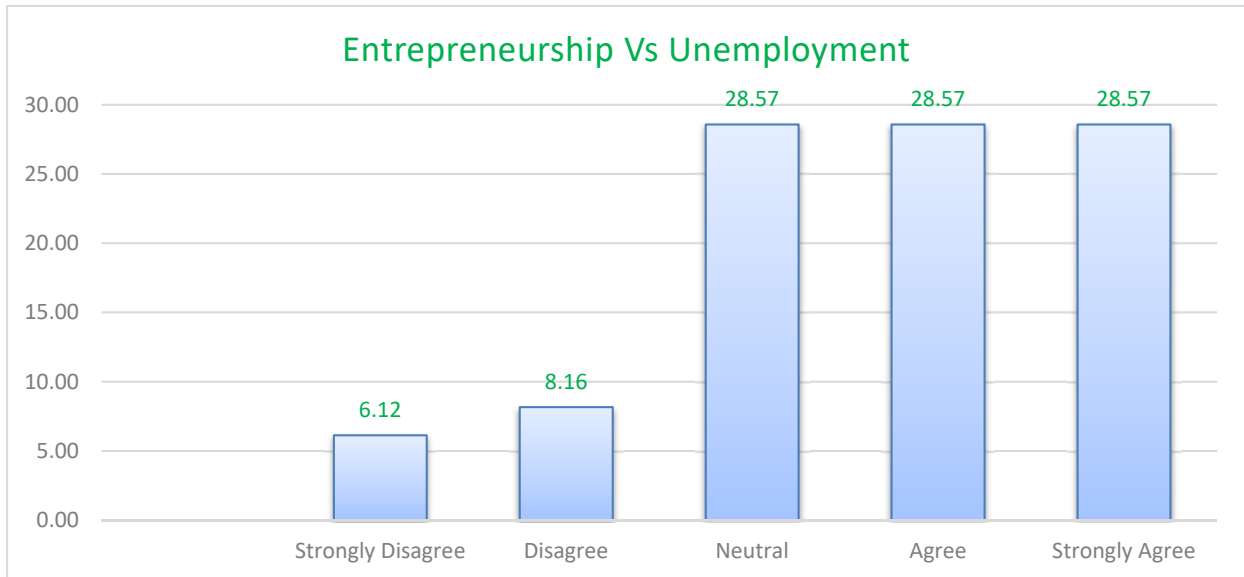
Source: survey data 2021

Among the main factors of educated youth unemployment is the mismatch between the education system and the labour market is shown above, in which 32.65% of them strongly agree with the mismatch between the sectors. They associate the the existing unemployment with the mismatch between the field of study and the labor market. A mere increase in a capacity of tertiary education institution with out adjusting the market that graduates join would have a devastating implication. Considering the annual graduation rate of government and public institutions in ethiopia that exceeds 70% (Minstry of Education (MoE, 2015), the share of graudate unemployment is increasing relative to the total unemployment. The labor market could not accommodate the largely increasing graduating students from higher institutions.As If it is convenient for this paper, most of the respondents expressed their feelings, First they are mention the university where they graduated, the year of graduation and their department and they said “I have spent so many years by finding job vacancies day to day since graduating, But I got the answer that there are no jobs for the department I graduated.” According to this study, higher education institutions and the labor market have no institutional link between them and there are many problems for educatedd youth to enter



the labor market. The unbalanced demand for a job was the result of a mismatch between labor supply and demand which is labor under utilization.

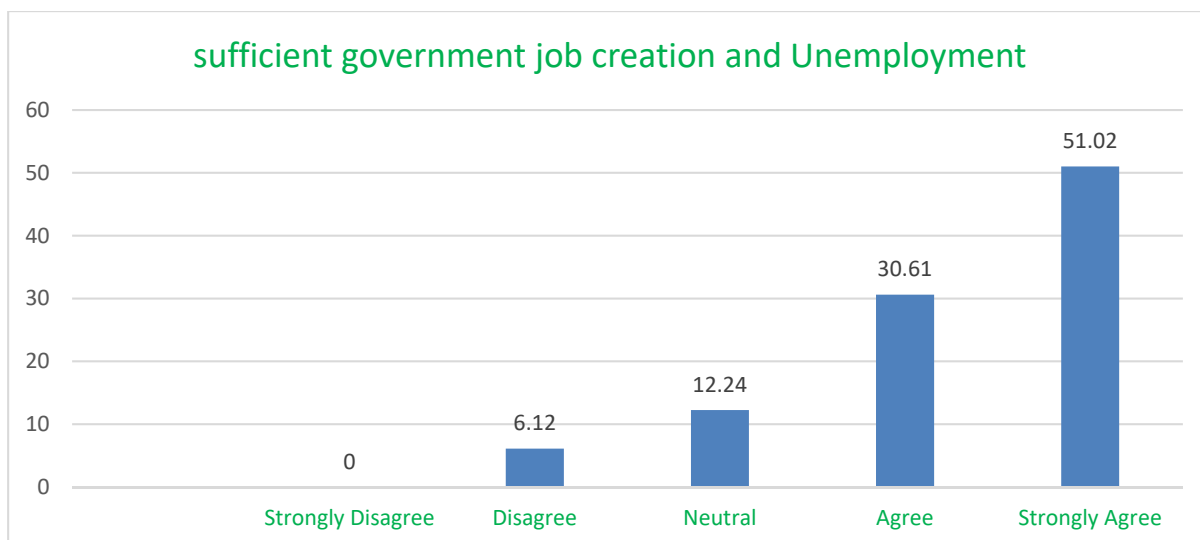
**Figure 4.9. Enterpruenership Vs Unemployment**



Source: survey data 2021

The graph above shows the opinion of the respondents regarding the link between the entrepreneurship skill and unemployment in the labor market. Almost 28.57% of the respondents strongly agreed with the strong link between poor entrepreneurship skill and unemployment among graduates. Only swallowing the theories from tertiary institutions would not guarantee getting a job in the market. The labour market needs an innovative mind which can add value to the hiring organizations. In Ethiopia, the main reason for youth unemployment is poor job creation. Good job creation training in all educational institutions could enable them to create and enjoy their own business, and also help them to support themselves and their families who are expecting from them. This information indicates that most educated young people do not have the skills and training in their school that could lead them as an entrepreneur in their post graduating life.

**Figure 4.10. Government job opportunities versus Unemployment**



Source: survey data 2021

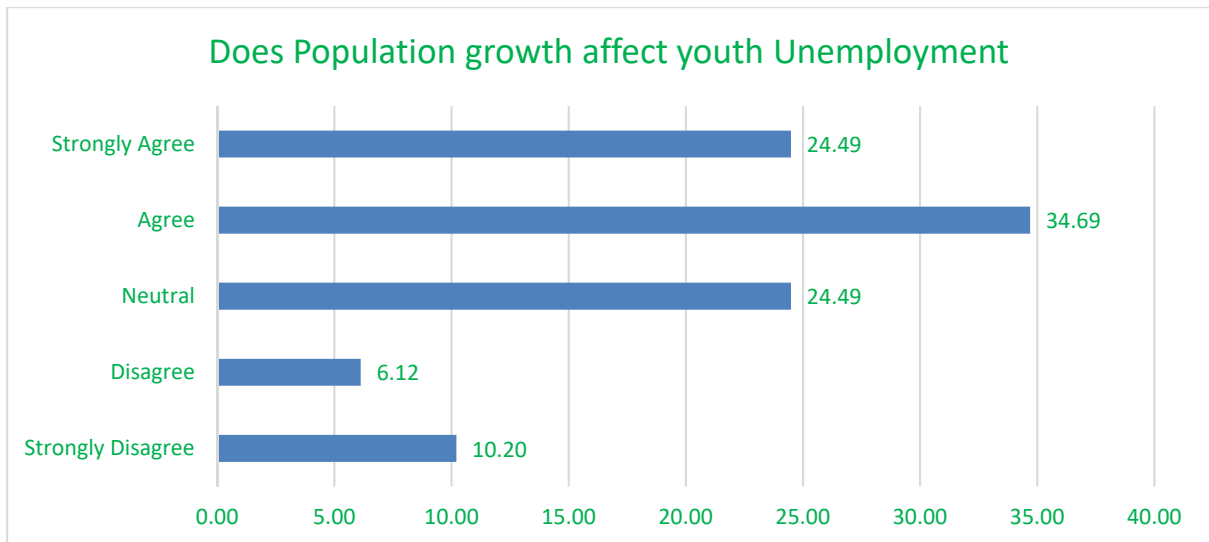
In most of the developing countries, including Ethiopia, public service sector/ government owned sectors are the main source of job opportunities. Therefore, one of the research objective of this study is to understand whether the government creates sufficient job opportunities for the graduates or not and the result of the primary data revealed that government does not create sufficient job opportunities. Accordingly, 51.02% of the respondents strongly agreed, 30.61% agreed and this is an indication that the government policies to tackle unemployment are not working towards eliminating unemployment and the rest of the respondents were 12.24%, 6.12% and 0 Neutral, disagreed and strongly disagreed, respectively.

High unemployment shows that both the profit sector and government are not creating job opportunities specially for those new graduates. Of course, there are many reasons why the government failed to utilize the labor force that are graduated in a yearly based form. Reasons include but not limited are mainly fall on the labour market policy and quality labour market supply from each higher institutions.

Other studies also inveterate that the government lagged behind providing sufficient job In Ethiopia. Broussard and Gebrekidan (2012) implicate that significant increases in educational

attainment, though; this is not backed by as much job opportunities provided the newly educated job seekers. As a policy level the five-year development plans and policy in Ethiopia targeted to create employment access and income generating activities for the youth and women in the modern, in the informal and agricultural sectors. For example, the 2005/06-2009/10 plan advocates a Plan for Accelerated and Sustained Development to End Poverty (PASDEP), which prioritize adjusting the labour market and specifically reducing youth unemployment. Furthermore, PASDEP focused on creating government opportunities through private company participation, particular emphasis on Micro and Small Enterprises (MSE).

*Figure 4.11. population as a factor of unemployment*



Source: survey data 2021

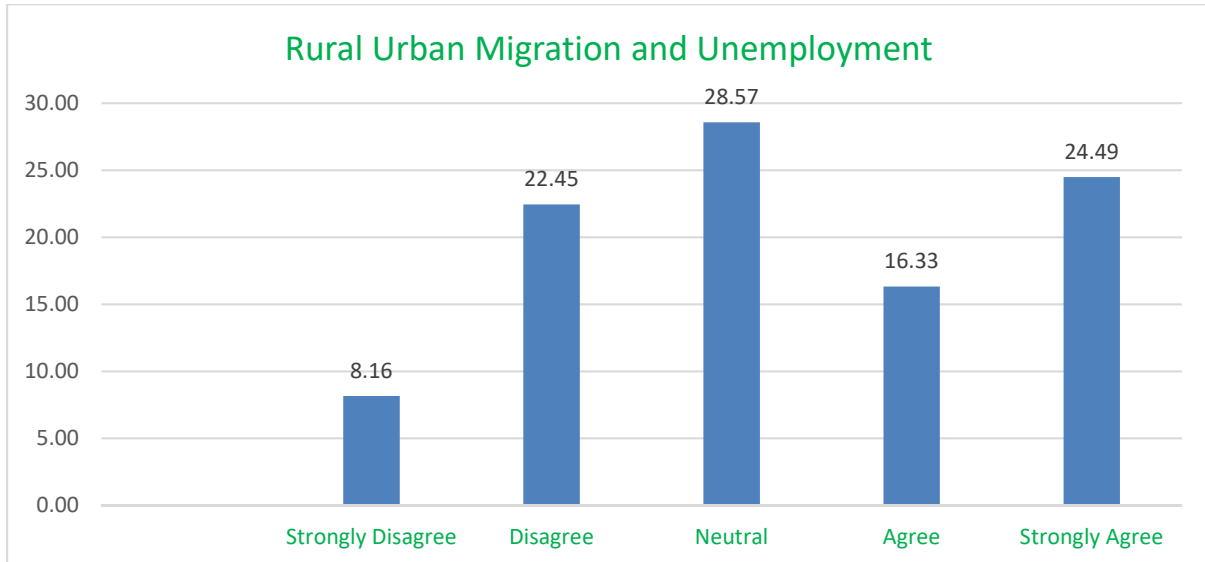
High population growth is another factor contributing to unemployment in the country. As the graph shown, 24.49% of the respondents “strongly agreed” on how population growth affectes graduate job opportunities in ethiopia. Likewise, 34.69% the respondants also agreed on the issue that population growth as the main factor for youth unemployment.

In the other way, the rest of the rspondants (24.49% are Neutral, 6.12% Disagree, 10.20% Strongly Disagree) are abstained and disagreed that population is not the factor for youth unemployment. In this regard, for some developed countries, population can be the source of economic growth ifmanaged well and trained to fit the demands of both the private and public institutions. Employee productivity has increased by 3.2% annually. In 2005, 32.2 million people are expected; labour demand is much smaller than the rapid population growth (Nebil et al. 2010).

We can link this with the theories which propagate population growth as a factor for high level of unemployment and population growth as a way to get out of poverty. The Malthusian population theory confined population growth as a reason for much devastation that ever happened to human life like severe unemployment. From this data set most respondents

agreed with Malthusian thinking regarding population growth. Though this is theoretical many empirical findings support the issue.

**Figure 4.12. Rural Urban Migration and Unemployment**



Source: survey data

Almost half of the respondents thought that the government did not provide enough job opportunities for the graduate's youth, especially for those fresh graduates. Regarding the factors of unemployment more than 24.9% of respondent's response associated unemployment with the growing population, which accelerate urban unemployment, most of them thought and associated the current unemployment, is accelerated by huge rural to urban migration. Linking the data with the residence area urban unemployment significantly higher than rural unemployment. This may be due to the higher rural-urban migration in search of a better work environment in urban areas in Ethiopia. This is in line with the Lewis structural model with two sectors (agriculture and modern sector-industry and service). This model clearly shows how the rural urban migration is high among developing countries because of high population growth in rural areas compounded by low wage rate push the youth to migrate to the urban areas in which they hope lucrative wage and safe working environment.

## **Chapter Five: Conclusion and Recommendation**

### **5.1. Conclusion**

Most young people go to school hoping for a better job and a better life. Therefore, these graduates' young people and their father and mother invest in education from the small resources they have, hoping that they will have a steady income tomorrow and eradicate poverty forever. Although young people and their parents hope for an education in order to improve their social life and livelihood, young people face post-school unemployment and remain unemployed for a long time.

With a huge increase in student enrolment at all levels, it is a job creation that is light on the economy, which is why education in the country is so important. This creates a gap between what students expect from education and reality. According to the United Nations (2005), the "unable to integrate graduates supply with labor market demands" has contributed to the graduation and unemployment of many students. The condition that graduates are under the influence of new job market promises. Some of graduate youth unemployed failed to live a better life after they are graduated so, they stayed dependent on their families for a long time.

The focus of this study has been exploring the major causes of graduate youth unemployment. The study identified and examined some of the elements as the main causes of graduate youth unemployment. To indicate a few, the government's inadequate economic performance and government's sufficient opportunities failure are identified and examined as causes of graduate youth unemployment. In addition, skill mismatch and the labour market are identified as causes for unemployment as they force the graduate youth to become dependent on the government rather than creating their own business opportunities. This causes major delay in finding a job since the government is unable to fulfil job demand of the workforce.

In addition, the entrepreneurship skill and unemployment in the labor market contributes to unemployment.

The labour market needs an innovative mind which can add value to the hiring organizations but the higher institution doesn't train students entrepreneurship skills that is the reason most of the youths are graduating and expecting job only from government they don't even create their own job and to be independent.

Furthermore, the study examined causes of graduate youth unemployment. Migration from rural to urban areas is identified as a major cause for the imbalance between job demand and supply. The graduate youth group migrates to urban areas looking for job opportunities making job opportunities in rural areas understaffed. The other factor that contributes for unemployment is the quality of education as the education is more of theoretical with low quality and not practical. The other factor that contributes to unemployment is high population growth, Most of the respondents believe that unemployment and population growth are directly related. The faster the population growth, the higher the unemployment rate would be.

The study also attempted to observe and assess the suggestions of the graduate youth group to resolve the issue of unemployment. Some of the recommended strategies by the group include attracting foreign investment, matching education with the labour market, and focusing on scaling-up entrepreneurship skills of students. In addition, the group also recommended creating adequate job opportunities in both formal and informal sectors as a strategy to resolve the issue of educated youth unemployment.

## 5.2. Recommendation

For the high rate of graduate youth unemployment this study identified main factors in the study area Ethiopia. Until the high focus are given to this problem and address as a result of this graduate youth unemployment issues are remain a current problem in Ethiopia.

- The government and higher education institutions must work together to reduce the number of unemployed young graduates and attract more potential foreign investment to the country's economy.
- One of the main factor for graduate youth unemployment is rural urban migration, action needed to control this high flow from rural to urban youth mobility by providing job opportunities for rural urban migrants in their area.
- Improving the alertness of higher education institution to the labor market demands by support the association between the tertiary institution and the labor market just to decrease the skill mismatch between the profession of the graduates and the labor market.
- To motivate the graduates youths and not to expecting jobs only from government, the government should take action to give entrepreneurship as one subject in all tertiary institutions to enhance the entrepreneurship skills to enhance graduate unemployed to create their own business.
- One of the factors for unemployment is insufficient job opportunities from the government, so the government should need to build up the institutions/system so as to solve unemployment, deep down the root like job portal system to apply and recruit based on their profession and recommendation.



### 5.3. Policy Implication

It is clear that building the generation from the very early stages will have huge contribution to enhance the mental and physical capacity of individuals and hence increase the problem solving ability. It is through those procedures that the education system can create skilled individuals with competitive in the labor market. In other words, the education qualities at university level are strongly associated with the quality of education at general secondary and senior secondary education. It is indicated in various works that incapable and incompetent students may also join universities without having the necessary knowledge. There are individuals who join universities and cannot read and write appropriately where the medium of instruction in all universities is English. The working educational policy before joining university is in short called 8-2-2- system: 8 schooling years of 1<sup>0</sup> level, 2 schooling years of general 2<sup>0</sup> level and 2 schooling years of senior secondary (preparatory school) which gives preparation to higher institutions. However, this system does not prepare individuals well and failed to create a generation which is skilful. It is due to this and other related limitations that youth unemployment is increasing with time. As a result the government introduced a new education system, 6-2-4 where individuals will spend 6 years at elementary schools, 2 years of junior education and finally study the next four years at high-school level. This new education system is on the verge to be implemented in the country. The researcher in any case want to put an alert that the way the policy is implemented should be to attain its predetermined objective of creating physically and mentally capable generation.

There is in fact rapid development in the education sector in the past few decades where the access to education in general is increased dramatically: number of universities is more than doubled and government increased the share of investment on education to the GDP. However, this is might be necessary but not sufficient condition to build a generation.

The Education and Training Policy of Ethiopia which was implemented since 1994 was designed with three broad elements: access, quality and management aspects and was introduced with an aim of interacting micro and macro players, government and leadership. Though the education and training policy of the country involves wider variety of actions which is the basic for a successful policy, the way it is implemented fails to generate the expected result.

The government as well as public higher institutions of the country have implemented many actions aimed at increasing the importance and contribution of universities to the labor market in specific and development of the country in general. Currently, the education system is student centre modular training and highly emphasized on technology and hard science: commonly known as 70-30 discipline mix (70 per cent hard science and 30 per cent social science). Practically, 70:30 discipline ratios is relevant to any country's growth necessities of the country. But practically, the policy has created reasonably higher graduate compared to the labour demand of the country, labour supply disproportionately exceed the labor demand causing unemployment to rise. This is beyond the quantity of graduates but also lacks qualified and resourceful academic staffs, ICT infrastructure and laboratories that help graduates to acquire satisfactory practical and theoretical knowledge. The teaching method in universities has led to limited computer skills, research skills; and oral and written communication in English.

One more problems associated with the current educational system of the country is that it resulted massive gender-gap in both enrolment and graduation, though the trend of the gap is narrowing those days. Generally speaking the country needs to increase the general enrolment rate of 15 per cent (Tassew et al, 2018) to be reached 22 per cent gross enrolment by 2025 so as to reach middle income country. There are rumours that the government is about to revise the 70:30 discipline mix and proposed 55:45 ratio in the enrolment. Lastly, in

order graduates to be competent, universities must introduce an exit exam to all graduates. There is of course exit exam to those graduates of medicine, health science and law but this must be extended to all fields of studies and this should be institutionalize by the education system. Therefore, in order to see the effectiveness of any education policy, the government need to update and revise its context after a thorough evaluation. A failed policy need to be avoided at any cost as soon as possible. The quality of education in general should be improved from the early stages so that students will able to grasp all the necessary knowledge while joining universities and then develop multidimensional options after graduation. Most graduates want to get hired and work either in a public or private sector however, employment in those sectors should not be the only options for them, they should be creative and look for other options like entrepreneurship and apply practically what they acquire during their time at a university.

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*ANEX*

*I am conducting a research on the topic “The causes of youth unemployment among tertiary education in Ethiopia” your response in this regard shall help me to complete this research in efficient way. Ensure you that data generated shall be kept confidential.*

***Part I: General and demographic information about respondents***

1. *Age*
  - a. *21-25* b. *26-30* c. *30-34* d. *35+*
2. *Gender*
  - a. *Female* b. *Male*
3. *Discipline/Department*
  - a. *Social Science* b. *Natural Science*
4. *Locality*
  - a. *Rural* b. *Urban*

***Part II: Status of the respondents***

5. *Education Level* a. *1<sup>st</sup> Degree* b. *2<sup>nd</sup> Degree* 3. *3<sup>rd</sup> Degree*
6. *Which University Did you attend?* \_\_\_\_\_
7. *Which of the following describes your current employment history well?*
  - a. *Unemployed and still seeking for a job:* \_\_\_\_\_
  - b. *Unemployed and I don't want to work:* \_\_\_\_\_
  - c. *Employed for a wage/salary with an employer:* \_\_\_\_\_
  - d. *Self-employed or operating an own business:* \_\_\_\_\_
  - e. *Other (Please specify):* \_\_\_\_\_
8. *If you are unemployed or you are working now, (how long are you unemployed)?*

- a. *Less than 4 weeks*
- b. *1-3 months*
- c. *4-6 months*
- d. *6-12 months*
- e. *More than a year*

9. *How are you looking for a job? Please feel free to select all applicable options you have practiced. (Select all that apply)*

- a. *Registration at a private employment offices*
- b. *Direct application for employers*
- c. *Attending job fair*
- d. *Seeking assistance of friends, relatives, colleagues, union*
- e. *Reading newspapers, magazine*
- f. *Billboards*
- g. *Internet browses*
- h. *Other (please specify)*

10. *Are you working with the department that you are graduated?*

- a. *Yes* b. *No*

11. *Do you live and/or work in the same area where you grew up?*

- a. *Yes* b. *No*

12. *Do you think government provides employment opportunities for graduates?*

- a. *Yes* b. *No*

13. *What is the highest level of education of your Father?*

- a. *No schooling* b. *Elementary school* c. *Secondary school* d. *University* e. *Other*
- (Please specify)*

14. What is the highest level of education of your Mother?

- a. No schooling b. Elementary school c. Secondary school d. University e. Other (Please specify)

**Part III: Questions on the causes of youth Unemployment**

Please rate the following questions from 1-5 where 1 is strongly disagree and 5 is strongly agree

	1	2	3	4	5
1. Do you think that quality of education is a cause for educated youth unemployment?					
2. Mismatch between your profession and the labor market make you to stay unemployed?					
3. Do you think that you remain Jobless because of poor entrepreneurship skill?					
4. Do you think that, the government does not create sufficient job opportunities to the graduate youth?					
5. Does population growth have a contribution for graduate youth unemployment?					
6. Do you think that rural urban migration has a contribution for graduate youth to remain unemployed?					