

YOUTH AND UNEMPLOYMENT IN ETHIOPIA

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INTRODUCTION

Failure to address youth employment issues will have serious consequences for the economy and society for any country. Ethiopia accounts for the largest youth population in Sub-Saharan Africa and the lack of employment opportunities for Ethiopian young people are among the critical developing challenges facing the country. High unemployment rates, chiefly for youth, impede Ethiopia from growing even more. In spite of the public sector's efforts to reduce unemployment and create jobs, there is a need for the private sector's contribution, since it is considered a long-term source of most jobs. In Ethiopia, there have been significant increases in educational attainment; however, there has not been as much job creation to provide employment opportunities to the newly educated job seekers. Based on World Bank report 2004, the lack of employment opportunities for Ethiopian young people is among the perilous development challenges facing the country, and a key barrier to national efforts toward the country's development goals. Only about 40% of Ethiopian children complete primary education and just 13% are enrolled in secondary education, meaning that most young people entering the labor market bring with them very low levels of human capital.

Youth employment presents a particular challenge to Ethiopia; the country faces growing youth landlessness in rural areas and insignificant rural job creation, potentially leading to an increase in migration to urban areas. Now the concern is whether there will be substantial growth and job creation in urban areas to absorb new labor market participants rather rural areas. This needs a careful study of the profile of youth labor market participants, educational investments, trends in employment by sector, labor market information systems, the main barriers for youth employment, and the socio-economic challenges of youth in different areas. Effective youth employment policies and interventions require a thorough understanding of who the unemployed youth are, where they are located, and the types of jobs youth are engaged in. Even the major and detailed factors that affect youth employment in Ethiopia have received little research consideration and there is an inadequate empirical basis for articulating policies and programs encouraging youth employment and successful school to work transitions.

Because of the above reasons, there is a need to study that looks specifically at the labor market outcomes of young people and key factors influencing these outcomes, including early labor market entry and human capital accumulation. It also examines the process of labor market entry, and, for those who attended school, the duration of the transition from school to work.

In general, the Ethiopian economy has countersigned marvellous improvement in the labor market; though, unemployment remains pervasive in urban areas. So that policies need to address the poor labor market conditions for youths in both the rural and urban areas as well as implement strategies which benefit the expanding number of educated youth entering the labor market.