

**The Cause of Educated Youth Unemployment
and its Socioeconomic Effect
in Addis Ababa**

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Addis Ababa University

Declaration

I declare that this thesis entitled as *The Cause of Educated Youth Unemployment and its Socio-economic effect in Addis Ababa* is my original work and has not been presented for a degree in any other university and all the sources of materials used for the thesis has been properly acknowledged.

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LIST OF ACRONYMS

AACRA -	Addis Ababa City Road Authority
AAWSA-	Addis Ababa Water and Sewerage Authority
BoE	Addis Ababa City Bureau of Education
BoFED-	Addis Ababa Bureaus of Finance and Economic Development
BoLSA -	Addis Ababa Bureaus of Labor and Social Affairs
CSA-	Central Statistical Agency
EPRDF-	Ethiopian People’s Revolutionary Democratic Front
ESLCE-	Ethiopian School leaving Certificate Examination
FDRE -	Federal Democracy Republic of Ethiopia
GTP -	Growth and Transformational Plan
HDI -	Human Development Index
ICLS	International Conference of Labor Statistician
ILO -	International Labor Organization
KG	kindergarten
MEDAC-	Ministry of Economic Development and Population
MoE –	Ministry of Education
MoFED-	Ministry of Finance and Economic Development
MoLSA-	Ministry of Labor and Social Affairs
MoYSC-	Ministry of Youth, Sport and Cultures
MSEs -	Micro and Small Scale Enterprises
NGO-	Non-Governmental Organization
OAU	Organization of African union
PASDEP-	Plan for Accelerated and Sustainable Development to End Poverty
TFR	Total Fertility Rate
TVET-	Technical and Vocational Education and Training
UN-	United Nation
UN-	United Nation
UNDP	United Nation Development Program
UNECA -	United Nations Economic Commission for Africa

UNESCO-	United Nations Educational, Scientific and Cultural Organizations
WB -	World Bank
YNDP-	Youth National Development Policy

ABSTRACT

Nowadays, the growth of educated youth unemployment is one of the critical problems facing Ethiopia. Most young people in Ethiopia are attaining their formal education with the hope of leading a better life and improving their livelihood. Even though, young people's and their families expectations and hopes placed on education that is associated with upward social mobility and improvement of livelihoods, in reality, most youth in their post schooling life have to face unemployment challenges and remain jobless for an extended period of time. The intensity of the problem is high in Addis Ababa, the prime city of the country. Therefore, this study was set to identify the cause of educated youth unemployment and its socio economic effects in different areas of Addis Ababa with the goal of providing a better understanding of its prevalence. In doing so, the study identifies the major causes of unemployment for educated youth, assess the socio economic effects of educated youth unemployment in the study area and propose the solution to address educated unemployed youth problem. The study was primarily based on descriptive qualitative and quantitative data. The primary data were collected from 389 educated unemployed youths that are selected by purposive, snowball and convenience sampling techniques. The respondents were accessed from three different areas of Addis Ababa that were selected purposively. The data were collected through questionnaire and interviews. The data gathered through different techniques were analyzed accordingly to the objectives of the study. Based on the objectives of the study: lack of entrepreneurship skill, low quality of education, rural urban migration, mismatch of skill with the labor market, lack of good governance job selection attitude by unemployed educated youth and lack of work experience were identified as the cause of educated youth unemployment. Based on these findings some recommendation were suggested..

Key words: *Young people, unemployment, labor market, educated youth, unemployed youth*

CHAPTER ONE

1. Introduction

1.1. Background of the Study

Since the recent years, unemployment especially youth unemployment represent growing concerns worldwide. It is also one of the causes for several socio-economic problems spreading in almost all countries of the world. It has long been one of the several features of the urban phenomenon in many countries. Youth unemployment has a serious effect not only on the living standards of the people (negative effects on the psychology, socio-economic and physical well-being) but also on the socio-economic status of a nation (Fitsum, 2014).

The challenge of youth unemployment in Africa is especially larger. According to Guarcello and Rosati (2007), in Sub-Saharan Africa, young people aged 15–24 accounts for 36% of the working-age population. Due to population growth, the number of young people looking for work is expected to increase in the next fifteen years. The challenge of youth unemployment is also mainly the case for Ethiopia, home to one of the largest youth populations in Sub-Saharan Africa where two third of its population are below twenty five years (Brihanu et al. 2005).

In Ethiopia like many other African countries, there are some indications of improvement in human development. According to the report of UNDP (2013), Ethiopia is placed among the top development movers. It ranked 11 out of 135 countries in terms of registered improvement in its Human Development Index (HDI). But the country remains low in the rank and it was 174 out of 187 counties. One of human development that Ethiopia has been improved is the access to formal education. Chuta and Crivelo (2012) stated that since the last few years Ethiopia is improving the access to education for all youngsters through the initiative like “Education for All”. According to the authors, by placing their hope on formal education, Young peoples and their family have invested their scarce resources on school education on the aim of getting better jobs and brightening their future.

On the other hand, according to Helen (2012), even if millions of young peoples and their families placed their hope on school education and invested their scarce resources the promise to overcome poverty and lead to a better life through attaining formal education could not been

achieved for many of young people and stayed unemployed. Broussar and Tekeleselassie (2012) on their study indicate that youth with higher education were less likely to be unemployed two decades ago than they were in recent years. Sierneels (2007) also stated that most unemployed youth in urban Ethiopia are concentrated among the relatively well-educated youth.

Youth employment policy in Ethiopian development plan has started to get attention since five year development plan called a Plan for Accelerated and Sustained Development to End Poverty (PASDEP) from 2005-2010. In this development plan addressing youth unemployment was much focused on education and training particularly improving quality of Technical and Vocational Education and Training (TVET), providing skill training for unemployed youth, enhancing job creation through private sector participations and Micro and Small Enterprises (MSEs) development (MoFED, 2006).

During the first Growth and Transformation Plan of Ethiopia (GTP) from (2011-2015) more emphasis was given to youth development such as empowering women and youth to ensure their social, economic and political participation than directly focusing on issue of unemployment (Marta, 2012). In the two successive development plans the government has induced employment interventions for youth through integrating TVET to the need SMEs development and subsidizing the employment creation projects in integrated housing, construction and infrastructure development programs (MoFED,2010). However, despite these efforts in Ethiopia youth unemployment remains widespread. Particularly urban educated youth unemployment rate is increasing year to year (Marta, 2012).

This study seeks to analyze the causes of unemployment for educated youth who at least have TVET certificate, college diploma and graduated from private and government universities. The study was conducted among youth graduates who look for jobs and accessed from Arat Killo, Mexico and Legehar areas in Addis Ababa. The study examines the causes that make educated youth to remain unemployed and the socio economic effect that this unemployed educated youth, their family and the societies as a whole could face as a result of unemployment.

1.2. Statement of the Problem

Existing literatures, like Adams (2007), Camfield (2011) and Sierneels (2007) in their studies argued that, to realize political and social stability and economic development, national youth policies and programs shouldn't be limited to improve young people's access to education rather they should equally give emphases on enabling schools to prepare young people for the world of work. Contrarily to these authors argument, youth policy in Ethiopia focuses more on human development aspects that largely targets handling diploma/degree/ to everyone which of course has a loose connection to the world of works. Beshir (2014) stated that since the last few years, to improve access to education, the government of Ethiopia expanded its higher institution and increased the number of higher education attainment without preparing students to a world of works.

Most young people in Ethiopia are attaining their formal education with the hope of leading a better life and improving their livelihood. Thus, those young people and their families are investing their scarce resource on school education on the aspiration of securing a better job which in turn improving their income and overcome poverty. Even though, young people's and their families expectations and hopes placed on education that is associated with upward social mobility and improvement of livelihoods, in reality, most youth in their post schooling life have to face unemployment challenges and remain jobless for an extended period of time (Camfield, 2011; Sierneels, 2007).

A study by Marta (2012) indicates that in Ethiopia the share of unemployed educated youth of higher grades has persistently increased in the last two decades. In line with Marta, CSA (2013) revealed that, in the last fifteen years, because of the relatively increasing of employment opportunity in the informal sectors like (MSEs), unemployment rates for the general youth population and urban youth population has declined from 11.1 % and 33 % in 1999 to 6.8 % and 20 % in 2013 respectively. While unemployment rates for youth with higher education has risen from 2 % to 7.5 % during the same period.

According to Beshir (2014) unemployed youth who attained higher education are concentrated in urban cities. According to him Ethiopia as one of the least urbanized African countries, the employment opportunities in both formal and informal sectors beyond agricultural sector) are

concentrated in major urban areas. Thus, after some level of schooling in Ethiopia it is common for young people to move to urban areas for searching jobs. This makes unemployment in Ethiopia the urban phenomenon. Being Addis Ababa the primate city located in the heart of the country where major cultural, economic and political institutions are situated, it attracts more labor forces from every corner of the country that raises competition for limited available jobs. This makes Addis Ababa the location of most unemployed educated youth and thus unemployment situation in this city is very worse.

There are many causes which make educated youth to remain unemployed. The causes are varied from country to country and from area to area depending on the variation on the socio economic factors. There are many scholars that identified the cause of youth unemployment. Nebil et al. (2010) on their study, revealed that low level of education as a main cause for youth unemployment. According to the authors Education is a means for enhancing the productivity and employability of a country's labor force and has a positive influence on occupational type; More educated workers are much more likely to be in wage employment and much less likely to be in unpaid work than their less-educated counterparts. Similarly with Nebil et al. Tesfaye (2015) also revealed on his study that education and unemployment have negative relationship, because if you want a good job, get a good education because the chance to have employment is high.

But contrarily to Tesfaye and Nebil et al., there are many authors that argued that education does not have a guarantee for employment. According to Mains (2007) and Serneels (2007), in Ethiopia relatively well educated and fresh job seekers are largely affected by the incidence of unemployment with prolonged unemployment duration close to four years and even more years. Similarly with these authors, Broussar and Tekeleselassie (2012) on their studies indicated that youth with higher education were less likely to be unemployed in 1999 than they were in 2011. According to the authors, the reason why educated youth stayed unemployed is that labor demand has been unable to keep pace with the increases in educational attainment, particular with jobs which demand a highly skilled labor (as measured by education). The authors also indicated that there is a positive relationship between educational attainment and unemployment.

Even though, there are few studies that address the cause of unemployment in urban Ethiopia, most of the studies concentrated on the cause of general youth unemployment, such as the cause

and challenges of urban youth unemployment by Dodge (2011), Nebil et al. (2010) and Tesfaye (2015). But in specifically the cause of educated youth unemployment is found to be less explored in the literature.

Therefore, the main aim of this study is to investigate the causes of educated youth unemployment in different areas of Addis Ababa. The study also tries to assess the socio economic effects of this problem on unemployed youth themselves, on their family and on the societies as a whole.

1.3. Objective of the Study

The general objective of this study is to examine the causes of educated youth unemployment and its socio economic effect in different areas of Addis Ababa.

The Specific objectives of the study are to:-

- i. Identify the causes of unemployment for educated youth.
- ii. Examine the involvement of educated youth in MSEs
- iii. Assess the socio-economic impacts of unemployment on individuals and communities.
- iv. Assess the view of unemployed educated youth on the possible solution to reduce the number of educated youth unemployment.

1.4. Research Questions

- i. What are the causes of educated youth unemployment?
- ii. How educated youth participate in MSEs
- iii. What are the socio economic impacts of educated youth unemployment?
- iv. What are the possible solutions to reduce such unemployment?

1.5. Justification of the Study

In Ethiopia, studies on youth unemployment drawn from large labor surveys are well captured. Most studies conducted so far on youth unemployment were much focused on macro analysis that generate incidences, durations and trend of unemployment and testing other related variables quantitatively. So far there have been few studies that attempt to examine how young people negotiate unemployment and what it means being unemployed for young people. Some other

studies tried to identify the cause of youth unemployment in urban areas. Furthermore the in-depth research was not conducted. Particularly the cause of educated youth unemployment and its socioeconomic consequence was not captured. Hence, this study tries to explore what the causes of unemployment for educated youth and what the socioeconomic impacts of educated youth unemployment are. Therefore, this study will be useful for policy makers and other stake holders who involves on similar issue as well as it may uses for further research as a reference.

1.6. The Scope of the Study

This study focuses on unemployed educated youth in Addis Ababa whose age is (15-29) and whose level of education range from TVET certificate to university degree. The data were gathered from three purposively selected areas which are Mexico, Legehar and Arat kilo. These areas were selected because there are many vacancy announcement boards. Thus educated unemployed youth come to these areas to check for vacancies, therefore they are easily accessible.

1.7. Limitation of the Study

The major limitation of this study was the difficulty to find educated unemployed youth in a defined area (sub city, *weredas*, *kebeles* and e.t.c.). This difficulty in getting educated unemployed youth was a major constraint for the researcher to limit the study area. Because of this, the researcher was forced to do his study on the place where there is a vacancy announcement board rather than on limited study area. Thus, the researcher purposively selects three areas where there is a vacancy announcement board. The difficulty to get educated youth also ought to the researcher to employed convenience and snowball sampling techniques. Another limitation was lack of adequate finance, budget, time and other facilities to increase the number of the respondents and widening the study area.

Finally, due to the fact that this study deals with very personal and sensitive issues about educated unemployment and its causes, sometimes obtaining frank response from unemployed youth was believed to be difficult and it makes the study susceptible to social desirability bias. The final output data are not inclusive of all educated unemployed youth in Addis Ababa city. But it figures out the cause and effects of educated youth unemployment in the study area and it helps to give attention for the problem and further study.

1.8. Structure of the Paper

Chapter one provides general background of the study, statements of the problem, objectives of the research, research questions, justification for doing this research, scope of the study, and limitation of the study. Chapter two reviews previous literatures done by different scholars. It explains unemployment concept, unemployment theories and the causes and effects of educated youth unemployment. Chapter three presents background of the study area and the strategies used in the study by explaining methodology, techniques and procedures employed in the study. Chapter four presents and discusses the finding of the study in relation to the objectives of the study and the research questions. Finally chapter five gives reflections and final concluding remarks of the study based on the results and discussions presented throughout the paper.

CHAPTER TWO

2. Literature Review

In this chapter, theories, concepts, definitions and related works done by different scholars about unemployment and the causes of educated youth unemployment as well as the socioeconomic consequence are assessed and discussed.

2.1. Concepts and Working Definition of Terms

2.1.1. Working Definition of Youth and Youth Concepts

Although the UN standard definition of the term “youth” refers to people from aged 15-24 inclusive, in practice the operation of the term among different societies is contested and it is highly subjected to cultural, social, institutional legal framework and political factors (O'Higgins,2001). According to him, in most European countries the base for youth lower age is minimum school-leaving age, while the upper limit varies widely across countries. In developing countries where there is no minimum school-leaving age limit the base to define the term youth entirely depend on the cultural and institutional framework and highly contextual.

On the other hand, literatures described youth as the life phase to adulthoods. For instance, UNESCO (2004) noted that despite the use of term youth varies in its implication and age boundaries from culture to culture, it is widely defined as a transitional concept between “childhood and adulthood”. It further explains that it is a life phase when people have to face and negotiate a complex interplay drives from emotional, social and economic changes in the process. Scholars like Cole (2005) argues that this globalized linear categorization of youth and youth culture don't represent all youth. Because of first, youth culture can be mediated by socio-cultural and historical context of the society. Second, who are youth and what they do is conceptualized from the rich countries chronological age perspective. Third, for some people progression to adulthood may not be attainable. The researcher found it relevant to use in this study the term youth as defined in Ethiopian youth policy document representing the youth between age 15 and 29. Because, youth with high school to university levels of education falls in this age category. The term youth and young people have been used interchangeably throughout this paper.

2.1.2. Working Definition of Unemployment

According to Izzi (2013), the ILO definition of unemployment that comprises three conditions: being without work, currently available for work, and actively seeking for work has been criticized for its rigidity to accommodate peoples temporarily laid off or peoples discouraged of job prospects. Therefore, this study has also used a relaxed concept of unemployment that includes not only persons without work, currently available for work and actively seeking for jobs, but also those who wish to work but discouraged to actively seek for work.

2.1.3. Working Definition of Educated

There is no clear definition of the term educated but it's widely defined as a person having an education especially having an education beyond the average. Thus this study is much more concerned on those youths who have college diploma and university degree and also included those who have TVET certificate.

2.2. Definition and Concept of Unemployment

Like any other markets the labor market has both supply and demand sides. The supply side is the labor force or the economically active population which comprises of both the employed and the unemployed. The demand side, on the other hand, consists of jobs/filled posts and job vacancies/unfilled posts (WB, 2007). The prevailing situation in countries around the world is the demand for labor is less than the supply thus, there is an excess supply of labor. This gap between the supply and demand for labor is referred to as unemployment (Deribe, et al. 2015).

The International Labor Organization (ILO) defines the unemployed as numbers of the economically active population who are without work but available for and seeking work including people who have lost their jobs and those who have voluntarily left work (WB, 2007).

Most scholars argued that the strict definition of unemployment doesn't capture all peoples that are not in the employment but want to take employment. According to Clark and Summers (1982), because of unemployed youth who have been laid off from actively searching jobs doesn't considered by labor statistics, statistical picture of the labor market and the unemployment definition implies high rates of labor force withdrawal. This definition also

downsizes the true picture of youth unemployment duration because of the increased number of discouraged youth excluded from the labor force. Therefore the authors concluded that the distinct line drawn between unemployment and labor force withdrawal doesn't reflect the reality young people are currently facing to enter the labor market.

Correspondingly, Belchamber and Schetagne (2013) argued that unemployment concept is problematic, particularly in the sense that house workers (those engaged in household activities) are neither counted in the labor force and nor in unemployed. According to the authors to labeling peoples those that are keeping families afloat as economically inactive is both wrong and offensive. As a result, strict definition of unemployment doesn't fully capture the real picture of unemployment in developing countries. In these countries the labor market for youth is characterized by irregular youth employment, working poor underemployment and informal sector employment.

Therefore, according to Clark and Summers (1982), relaxed definition of unemployment (where actively seeking for job criterion is not mandatory for inclusion) can indicate the severity of unemployment. The author stated that, when relaxed definition of unemployment is applied, the unemployment rate doubles in many low-income economies and also the average relaxed unemployed rate in least developed economies often come out even higher than that of the high-income economies. This is because the strict concept of unemployment excludes many people's from the labor force and in some cases it considers precarious work as employment.

As Belchamber and Schetagne (2013), the report of labor statistics, which usually shows lower and stable unemployment in those countries where more than 80% of the population are engaged in subsistence economy, is misleading. Because in reality, these people get little or no benefit from their engagements of the subsistence production.

Therefore, to address this problem the 19th International Conference of Labor Statistician (ICLS) has revised the concept and definition of unemployment (ILO, 2013). This revised concept of unemployment broadens the labor force sphere and reflects the current precarious and underemployment reality encountered most youth in developing countries. For most youth who are working in the informal sector, as Donahoe and Tienda (1999), put income prospects if

employment prospects are miserable. This means that for these young people employment is insignificant as it fails to provide means of living.

2.3. Different Theories of Unemployment

Unemployment in general and youth unemployment in particular is a problem that affects most countries. Because of this it has given the main concern both by developing and developed countries and become the main issue in the economy, social and politics of both Northern and Southern world. Worldwide employment opportunities and other social goods for young people have been affected largely by the effects of globalization, the neoliberal economic and social reforms and labor market transformation (Jeffrey, 2010).

Atchoarena (2000) stated that in developed countries, because of prevailing of structural unemployment for the population at large makes the situation more sever. According to him youth unemployment in developed countries has sharply risen in the last two decades both in absolute term and relative to adults. He also stated that youth unemployment also has risen in the developing countries which are perceived to have lower rate of unemployment. According to the author, sustained population growth, social disintegration, slow growth of economic development and education system has contributed to the poor integration of youth to work in these countries.

On the other hand, Jeffrey (2009) revealed that youth unemployment In developing countries particularly educated youth unemployment is the result of the combination of the rise in parent investment on education, the inclusion of schooling of formerly excluded groups and the shortage of wages employment opportunity. According to him , the rise in the surplus of experienced and qualified workers has increased competition to enter the labor market. in addition the fact that the absence of suitable jobs that forced qualified young people to accept lower jobs in the occupational hierarchy has brought about the filtering occurrence that contributed to replace poorly qualified workers in the process, which ultimately worsen the unemployment incidence among poorly qualified young people (Atchoarena, 2000). Lack of working experiences of the majority of young people who strive to enter the labor market for the first time without developing employability skills also matters (Thompson, 2013).The

author stated that the apprenticeship programs in which young people will get acquaintances with the world of works through combining work with education are limited or missing.

There are so many unemployment theories which are widely used by different scholars as a reference. The most widely used unemployment theories in different literatures are (1) Human capital theory (2) Monetarism theory (3) Market liberal theory and (4) Marxist theory of unemployment

2.3.1. Human Capital Theory

From the perspectives of human capital theory, the perceived employability of individual can either be determined by the conditions of the labor market that offer different opportunities to the individual and the resource possession of employee. Of these two alternatives of the employability determinants, the human capital theory deals with the individual resources option particularly the individual's efforts to invest in education and trainings (Berntson et al. 2006).

Becker (1993) argues that for individual's human capital development, training and education are the most important investment to be made. Because the return to training investment can be visualized in the form of higher income, effective performance and improved health and acquiring better career positions. The human capital developed from work experiences and competency development may contribute to higher earnings, better chance of promotions and acquiring better position (Judge et al. 1995 cited in Berntson et al. 2006). In his earlier work on investment in human capital analysis Becker found out that among other things individuals wage is positively related to the level of skills they possessed, and the probability of unemployment for individual is tend to be negatively correlated to the level of skills acquired (Becker, 1962).

Longer time education engagement and subsequent increment in labor market participation could provide youth greater opportunities for upward social mobility and autonomy (Naafs, 2012). The perceived image of education as a strategy to move up the social ladder and the imagined linkage of extended years of schooling to white-collar jobs have encouraged parents to invest their resources in a formal education. Although education for most youth of developing countries has been recognized as a means of self-improvement, the opportunities for those groups to benefit economically from this inclusion is getting slim (Jeffrey, 2009). This is because; in many cases education has failed to realize the young people's employment expectations and desire for

upward social mobility. However, in developing countries young people continue to place their hope of prolonging their participation in schooling to find professional jobs despite many of them remain waiting for a longer period of time before they secure paid jobs (Jeffrey, 2009).

The return to training investment in developing countries is poor due to primarily the slow growth of the skilled labor demand in poor economy. Other factors such as poor administration, the level of training capacity, the quantity and quality of training, and the economic policies that do not favor incentives to firms have contributed to reduce the returns to training investment (Middleton et al. 1993). On the other hand UNESCO (2012) highlighted that the other major challenges currently affecting urban youth employment opportunities in developing countries is the less attention given to entrepreneurial skill development in urban settings.

2.3.2. Marxist Theory of Unemployment

According to Marx unemployment exists as a result of the capitalist system itself and gradually worsen. He did not believe that in the long-term capitalist economies could be managed to eliminate unemployment, nor did he think that market forces would reduce unemployment their own consensus (Tesfaye, 2015).

However, he did not believe that capitalist economy always had and would have high level of unemployment. He believed that such economies are going through cycles. Periods of expansion in which there was full employment were followed by periods of crisis during which unemployment rose. Each successive crisis would be worse than the previous one until eventually the capitalist system was destroyed. To Marx, this situation cannot continue indeterminately. Workers would eventually realize they are being exploited, develop class consciousness, and overthrow the capitalist system. Clearly, Marx's predictions that capitalism would collapse have not come true. Indeed the economic system of some communist countries seems closer to collapse than that of most advanced capitalist countries.

However, capitalist economies have not proved as manageable as economists like Keynes believed. "Governments have not been able to manipulate economies in such a way that mass unemployment has become a thing of the past" (Tesfaye, 2015).

2.3.3. Market Liberal Theory

During much of the period since 1945 it was accepted by Labor and Conservative governments alike that the government could and should maintain low levels of unemployment. It was consequently the duty of the government to manage demand in the economy, an increase in government spending could cut unemployment. Successive governments were committed to a mixed economy. Government control over key industries would allow the government to manipulate the economy so that mass unemployment could be avoided (Deribe et al. 2015)

In the 1970s the consensus about broad economic policy was eroded. Governments faced the problem of rising inflation as well as rising unemployment. Measures designed to reduce unemployment could lead to increased inflation (Deribe et al. 2015).

2.3.4. Monetarism Theory

The government could reduce or even eliminate the problem by reducing the money supply that is, allowing less money to circulate in the economy. This necessitated cutting back on government spending and not expanding it as Keynes advocated. The government could not reduce unemployment below the natural rate without causing excessive inflation unless there were other fundamental economic changes (Deribe et al. 2015).

The natural rate of unemployment was affected by such factors as the level of unemployment benefit and the flexibility of wage rates. The unemployed would be prepared to work for lower wages in order to get a job and at lower wage rates it would be profitable for employers to take workers on. The demand for and supply of labor would come into balance and unemployment would disappear. Economist pointed out that there was not, in reality, a totally free market in labor Unions could use their power to drive up wages artificially high, and unemployment benefits would discourage people from working for low wages. Other important factors would be the mobility of the labor force and the availability and cost of information about job vacancies (Tesfaye, 2015).

2.4. Youth Unemployment Nature, Trend and Experiences in Urban Ethiopia

Now a day, many countries in the world forced to give much more attention to facilitate smooth school to work transition because of the fact that the share of youth unemployment often higher in the prime working age (Brouser and Tekelesilassie, 2012).

A study conducted on the nature of youth urban unemployment in Ethiopia has confirmed that unemployment in urban Ethiopia is higher among relatively better trained youth. These youth joined the labor market for the first-time with the aspiration of acquiring jobs in the public sector and remained unemployed on average greater than a year or even more years for those waiting for a white-collar job. However, the prevalence of unemployment and unemployment durations are higher among youth from family with poorer household welfare (Serneels, 2007).

The incidence of unemployment among educated youth attributed to inherent education system orientation that shapes the aspiration and attitude of young people towards certain jobs. According to camfiled (2011), the increased number of educated youth in the recent years has also intensified jobs entry competition in the labor market among youth. According to her, the reduction of public sectors as a result of structural adjustment imposition has also shrunk the job pool and broke the direct linkage of education and employment. In his work on urban youth unemployment in Ethiopia, Mains (2007) suggests that while there is a neo liberal capitalism implication for the young people's current employment difficulties, it is also important to examine various local experiences, cultural practices and values and social interaction to fully understand the cause of youth unemployment and their unemployment experiences.

According to CSA (2013) national labor force survey data, youth unemployment rate in urban areas was 21.3 % in 2013. The rate was 26.4% for females and 16.1% for males in the same year. This means that youth unemployment rate was much higher than average country's unemployment rate for the general population 4.5 %, average national youth unemployment rate 6.8 % and urban average unemployment rate 16.5 % (CSA, 2013).

According to the survey the rate of unemployment in Addis Ababa was 25.1 % much higher than average urban unemployment rates 16.5% of the country. The situation is exacerbated by rural- urban migration (BoFED, 2013). According to BoFED, the trend of youth unemployment in Addis Ababa was somehow declined between 2009 and 2011. But from 2011 onwards it has

started slightly rising. The reason for the rise of youth unemployment rates in addition to rural urban migration can be the prevailing of excess graduates from colleges and universities. For instance the number of graduates that joined the labor market has risen from about 55,000 in 2009 to above 79,000 in 2013 with annual rates of growth of 9.45 % (MoE, 2013).

2.5. School to Work Transition of Youth in Ethiopia

Prior to 1991 the centrally administrated employment exchange office was responsible for recruitment in the formal sector where the available vacancies of all the employers mainly government sectors were polled. First time jobseekers particularly college and university graduates were required to register with the employment exchange office to be benefited from public sector employment guarantee system (Marta, 2012). According to the Author, with the coming of the new government, EPRDF to power the new labor law was reformulated in 1993 in which the employment guarantee system was abolished and market based decentralized recruitment and employment procedures were implemented. The rise in the number of educated youth has made labor market entry difficult due to increased competition among youth for limited available jobs. In developing countries as Adams (2007) explains with the implementation of Education for All programs, youth education attainments have risen. This has brought changes in the labor market entry patterns in those countries. In Ethiopia with the removal of centrally coordinated jobs seeker registration services, the benefit of getting employment information was wiped out (Brihanu et al. 2005). Therefore the labor market information system has become poor and there is a weak labor organization system in the country which largely affects youth employment (MoLSA 2009 in Edukans Foundation 2012).

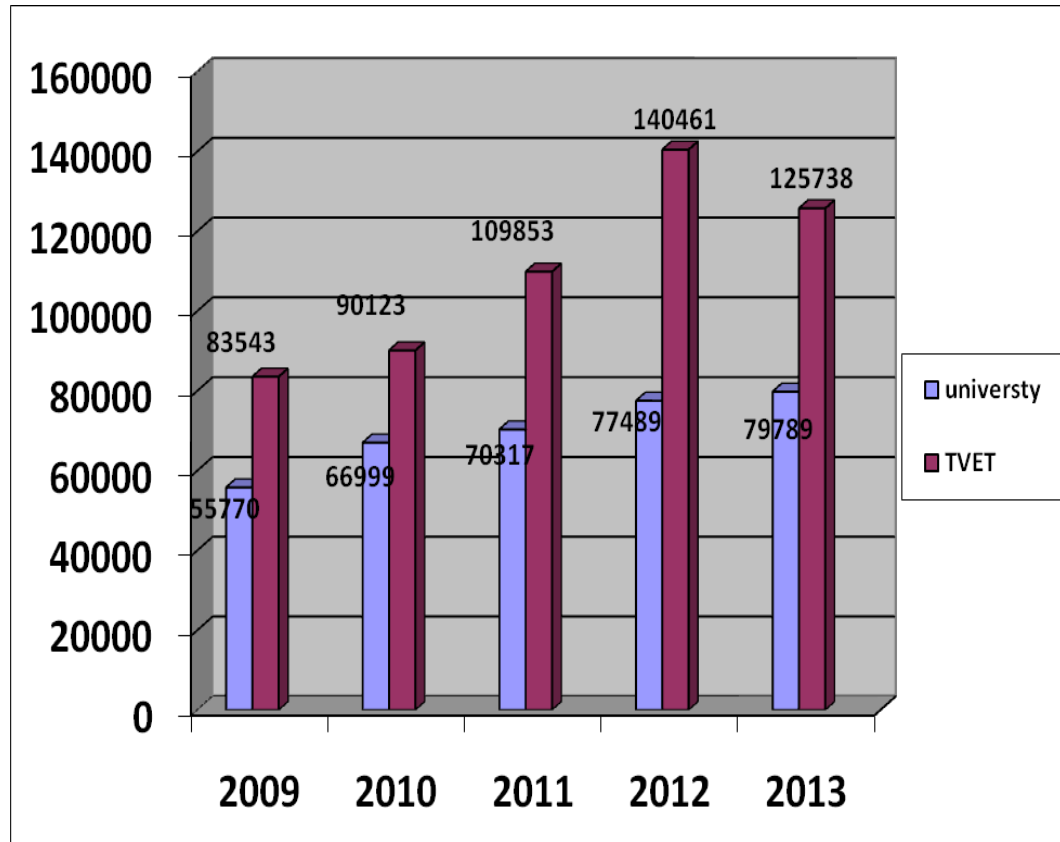
Currently the Ministry of Labor and Social Affairs (MoLSA) is responsible for public employment services at the federal level and the regional Bureaus of Labor and Social Affairs (BoLSA) is mandated with the regional employment services. The Micro and Small Enterprises (MSEs) development office in urban areas and the Ministry of Youth, Sport and Culture (MoYSC) also play roles in the current urban youth employment services (Beshir, 2014).

2.6 Indications of Educated Youth Unemployment Pressure in Ethiopia

According to Broussar and Tekelesilassie (2012) and Brihanu et al. (2005), with a higher proportion of youth comprising 28 % of the total population in the demographic nature of Ethiopia and the inadequate employment growth to absorb the increased number of educated youth creates high number of educated unemployed youth. For instance, Ministry of Education published statistical abstract data indicated that between 2009 and 2013 secondary school and university enrollment has grown with annual average rates of 9.5 % and 15.5 % respectively (MoE, 2013). The work of Broussar and Tekelesilassie also supported this fact in stating that the percentage of youth with a higher education qualification rose from 4 % in 1999 to 20 % in 2011 (Broussar and Teklesilassie, 2012).

Despite of the fact that the government promotes the idea of self-employment through skill based training, TVET enrollment has declined from 308,501 in 2009 to 237,877 in 2013 (MoE, 2013). As the report the main reason for this to happen was that some of the public owned TVET institutions such as agricultural TVET colleges stopped their services and transferred to the nearby universities while others are even closed (Beshir,2014). The decline in the number of TVET enrollments inevitably will affect the realization of self-employment and job creations currently the government and its media promoting. Oktech (2007) suggests that carrier oriented TVET program is essential to enhance employment opportunity of youth.

Figure 2.1: Number of youth graduates from different institutions (2009-2013)



Source: computed from Ministry of Education 2013 Annual Statistical Abstract

2.7 Educated youth Unemployment Trends in Addis Ababa

According to CSA (2013), the unemployment rate for youth with secondary education is the highest among all level of education attainments however over the last three years it has declined for both sexes. The report indicates that this is due to the growing of job opportunities, particularly labor intensive jobs in the formal and informal sectors. For youth with certificate level of education, unemployment rate is generally the second highest in the group followed by college diploma holders. Unemployment rates for people with a college diploma and university degree have been rising in the last three years (CSA, 2013). As UN (2005) reported that current skilled labor supply surpass the available employment opportunities in many countries.

Broussar and Tekelesilassie (2012) revealed that in Ethiopia educated unemployment is the result of the imbalance growth between the labor market demands that require skilled labor and the rise of youth educational attainments. Besides educating youth has lesser time to be integrated with

the labor market, compare to less educated ones who begin their transition to work at an earlier age and have had more exposure to labor market (Broussar and Tekelesilassie, 2012). It is important to note that educated unemployment in Ethiopia is generally a new phenomenon therefore; it is not surprising to see that the unemployment rate is lower for relatively educated youth, despite it is rising.

2.8. The Causes of Educated youth Unemployment

Most researchers identified several causes of urban youth unemployment in their findings. Tesfaye (2015) revealed that lack of education and lack of work habit is a major cause for youth unemployment. In addition to this, Nebil, et al. (2010) also identified poor economic performance of the country and higher rural urban migration as a main cause for youth unemployment. As the authors identified, there can be several reasons for unemployment in urban setting but in this paper the following reason which consider to be crucial are examined in some detail.

2.8.1. Education and youth Unemployment

One of the causes for educated youth unemployment is the failure of educational system to prepare people for work. Nebil et al. (2010) revealed on their study that low level of education is a cause for unemployment. According to them Education is a means for enhancing the productivity and employability of a country's labor force as it has a positive influence on occupational type. On their conclusion more-educated workers are much more likely to be in wage employment and much less likely to be in unpaid work than their less-educated counterparts. Similarly to this, Tesfaye (2015), also stated that education And unemployment have negative relationship. On his conclusion he said that "because if you want a good job, get a good education, because the chance to have employment is high".

On the other hand, contrary to Nebil et al. and Tesfayes conclusion, Serneels (2007) stated unemployment is highly concentrated among the relatively well-educated youth. Similarly Broussar and Tekelesilassie (2012) indicated that educational attainment and unemployment have positive relationships. Their conclusion is that youth with higher education were less likely to be unemployed in 1999 than they were in 2011. This suggests that labor demand has been

unable to keep pace with the increases in educational attainment, particular with jobs which demand highly skilled labor.

Correspondingly, Teshome (1998) revealed that the system of education is more of theoretical or academic than vocational or technical. This doesn't prepare the young for productive employment. Thousands who annually fail the Ethiopian school leaving certificate examination (ESLCE) join the ranks of unemployment thus inflating the unemployment rate. In 1999 a report made by MEDAC has some over view of the Ethiopian education system, that traditionally the Ethiopian educational system has little concern about the condition of students after leaving school. That is why the mismatch between the qualification of the students and the demand of employers has become a serious issue with the growing unemployment of educated youth in the country (MEDAC, 1999 cited in Getamesay, 2009).

2.8.2. Economic Situation of the Country

According to Nebil et al. (2010), poor economic situation of a country is a major problem for most developing countries such as Ethiopia. Low economic growth, which is manifested in low economic activity and low investment, entails low overall job creation. The Authors stated that a country with poor economic performance failed in creating sufficient employment for the existing labor forces of their country as a result they couldn't used their human resource effectively and efficiently which in turn affect the economy to be stayed in a poor situation. Broussar and Tekelesilassie (2012) also revealed that stagnating economies to be one of the major factors behind the cause of high youth unemployment in Africa. The authors explained that young people are facing difficulty to be employed largely due to the stagnated formal sector. As a result youth with school graduates will have been staying at home without gainful or productive employment. As the authors, most African countries plagued with rapid population growth and stagnating economic. This is the case for Ethiopia, where the population growth is increasing time to time while the economy of the country couldn't grow with the pace of the growth of population. Although Ethiopia has been registered annual growth rate more than 10 % since the last few years, the creation of job opportunities still challenging for the government to address the problem of unemployment in all parts of the region as a result of poor economic performance (Broussar and Tekelesilassie, 2012).

2.8.3. Lack of Entrepreneurship Skill

Good entrepreneurship skill training is useful for all youths for creating their own business and to be self-employed rather than waiting a job from the government. According to UN Habitat (2003), cited in Nebil et al. (2010), most people are motivated to start their own businesses and create their own employment because the chances of finding jobs in the current labor market where the availability of employment opportunities are so limited. However, starting a small business without the capacity to sustain it or cope with other related challenges is not a possible solution to the problem of unemployment.

2.8.4. Skill Mismatch between the Supply and the Demand of Labor

Mismatch of education and training skills with the requirements of the labor market is another important reason for the high level of youth unemployment especially for those youths that are educated. A study of unemployment in urban areas by Birhanu et al. (2005) revealed an increase in unemployment rates of young people who have attained high school or a higher educational level. Similarly the report of CSA (2013) also revealed that, even though unemployment rates for the general youth population and urban youth population has declined from 11.1% and 33% in 1999 to 6.8% and 20% in 2013 respectively, unemployment rates for youth with higher education has risen from 2% to 7.5% . The reason for the increment of educated unemployment could be due to a mismatch between the type of education provided at schools and the requirements of the labor market.

2.8.5. Rural-Urban Migration

Several studies show that rural-urban migration is at a very root of high level of urban unemployment. This is an aversion response to the prevalent poor socio-economic condition of the rural areas (Okonjo, 1974; Adepoju, 1986 cited in Raphael, 2005).

The reports of ILO (1996) noted that, since migration is a selective process which tends to include those who are in the prime age group, it causes excess prevalence of unemployed youths in the urban setting. The continuous and wide spread urban and rural poverty makes urban centers of developing countries vulnerable to massive migration if living conditions worsen in rural areas (ILO, 1996).

Rural-urban migration exacerbates rural-urban structural imbalance in the supply and demand sides on the supply side. Internal migration increases the number of urban job seekers while depleting labor force of the country side. On the demand side, urban job creation is more difficult to accomplish than rural job creation (Todaro, 1997).

Unemployment is most severe in urban areas of Ethiopia due to rural-urban migration. Many people who live in rural areas leave their places of origin in search of better opportunities for employment. As a result of the high rate of rural urban migration unemployment problem become the urban phenomena of the country.

2.8.6. Population Growth

Increasing rate of population growth is another factor affecting scarcity of job opportunities. Less developed countries have witnessed rapid population growth with slower economic growth rate in the past three decades. Urban centers of less developed countries are the growth poles of economic progress and centers of political and social unrest. This situation is more severe in Sub-Saharan Africa (SSA), where urban population growth remains the highest in the world (Todaro, 1997).

The population of Ethiopia is increasing in alarming rate since the last few decades the size of the labor force has been increasing at an average annual rate of 3.2% Nebil et al. (2010). Therefore, according to the authors, poor countries like Ethiopia, where its economic performance is poor as a result demand for labor has a slower and couldn't absorb the existed human resource with the higher growing population worsen the situation of unemployment.

2.9. The Effects of Educated youth Unemployment

Unemployment has severe effects on unemployed individual themselves on their families on the community, and on the country as a whole.

2.9.1 Impact of Unemployment on Individuals

Unemployment always hits individuals the hardest. Most unemployed educated youths are highly suffered from lack of income. They economically depended on their family's friends and on their relatives to cover their different expenses. Educated youth with unemployment, ashamed

themselves because, they depended on their families while they expected to support them. And they believed that they don't equally participate in the families and community affairs, and they are not important as long as they have nothing to contribute to their families and communities.

Unemployed youth from poor families did not have more options in which they can engage to pass their free time. Because many places and options where youth can spend their free time such as watching cinema and theater, playing games, passing time in the cafeteria with their friends and using social media such as internet usually incur costs which is unaffordable for most of them. Consequently, they are more likely suffered from depression, loneliness and mental stresses. As Kielbach and Traiser (2002) in their analysis of the relationship between unemployment and ill-health found out that, unemployed youth suffer from feelings of vulnerability, inferiority, worthlessness, uselessness and depression. Moreover, they could also be socially stigmatized for being unemployed. Altogether, these affect their self-esteem that leads to social exclusion. Similarly Paul and Moser (2009) revealed unemployment have stronger negative psychological and mental effects on people of lower social status.

2.9.2. Impact of Educated youth Unemployment on the Community and Economy

Educated youth unemployment has a significant impact on society and the economy as a whole. The main impact of educated youth unemployment on the economy is withholding of the productive power who could be contributes for economic growth of their country. In terms of social implications arising from wide scale unemployment, consideration initially should be given to the fact that the hardest hit will be those unemployed families that are in poor livelihood welfare (Gilles, 2000).

According to the study made by Namke et al. (2008), with high level of urban youth unemployment there is significant upward pressure on acquisitive crime (theft, robbery and burglary). The author stated that, over the last year many police forces have measured an increase in those crimes, indicating that higher levels of youth unemployment have already had a detrimental effect on crime in society. Since, unemployed population is dependent on the employed population; it has direct cost to the government in the form of any unemployment benefits paid to the unemployed and in lost tax earnings. Covering these unemployed benefits through increased taxes or borrowing creates a serious problem on the economy of the country.

The increased taxes suppress consumption, which in turn may lead to increased unemployment (people spending less, less revenues for companies, companies forced to lay people off). Increased borrowing by the government can have similar effects as the government takes more money than normally out of the financial markets, thus having an upwards pressure on interest rates, which results in higher cost for companies, less profits and more layoffs (Effie, 2010).

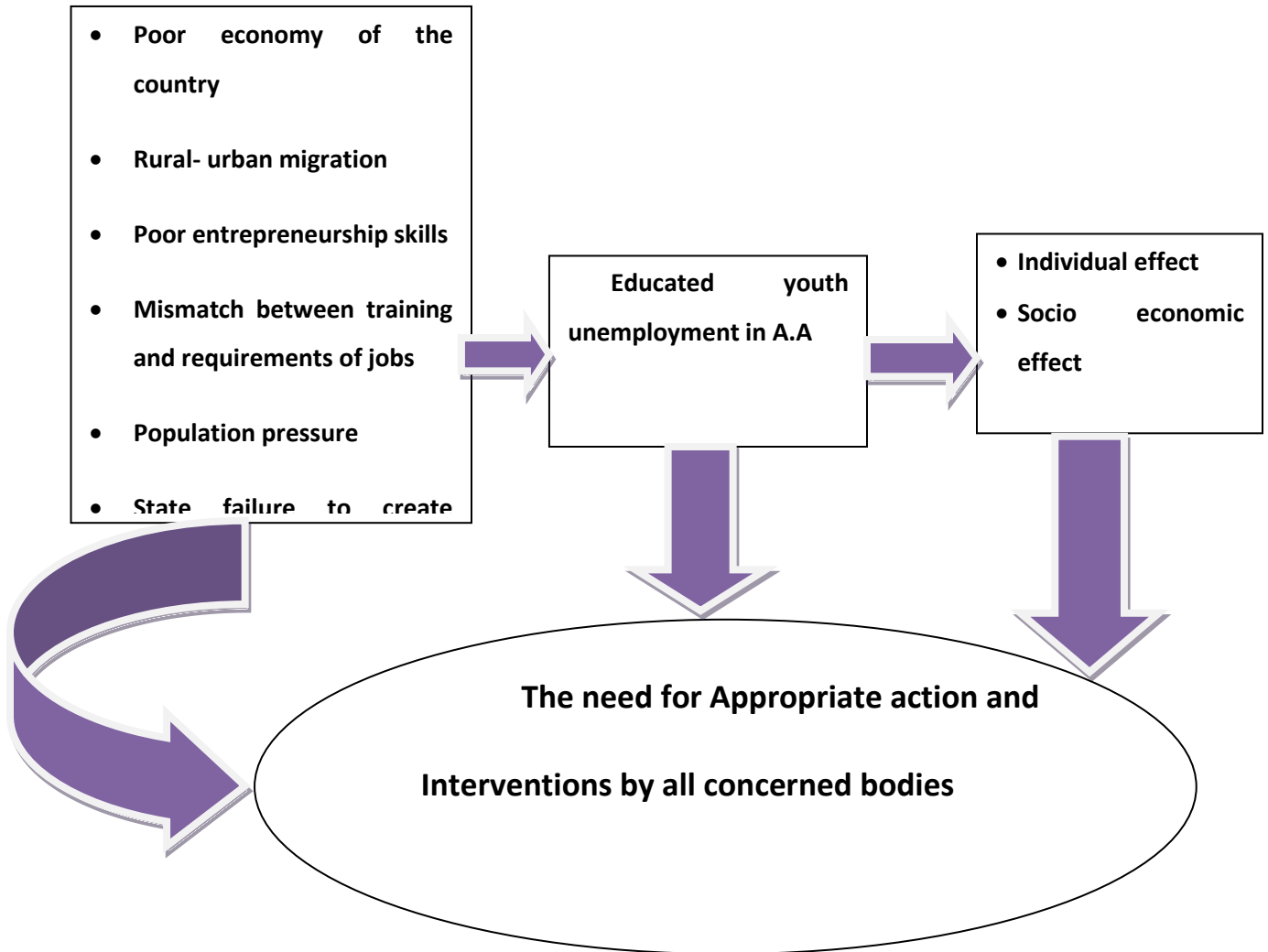
Unemployment is basically always bad for the economy; however, it can never be zero. This is because at any one point in time there will be individuals who are truly between jobs, even for as little as a week or a month. The 'normal' unemployment figure will vary from country to country, but is generally considered to be around 2-3 percent of the workforce (ibid, 2010). The author stated that when unemployment reaches two digits (10% or more) and large number of unemployed enjoy long term unemployment, it is very dangerous and we all suffer from unemployment whether employed or not .

2.10. The Cause of Educated Youth Unemployment and its Socio Economic Effect

Conceptual Frame Work

As it is reviewed in the above literature high rate of educated youth unemployment is related with various factors. According to the review, economic factors (poor economy of the country and problem with the education system), demographic factors (natural increase and net migration) and cultural factors (job selection attitudes) have a direct effect on the size of the unemployed and rate of educated unemployment. In return high level of educated youth unemployment has its own socio economic impact on the individuals and community. Thus, based on the above review of related literature and specific objective of the study, the following conceptual frame work, that consists of causes of educated unemployment, its socio economic impact. And such systematic investigation of identifying the major causes of educated unemployment and its socio economic effects would lead to designing appropriate policy interventions. Finally there is a need of an appropriate policy and intervention by the government and different stakeholders to reduce this problem were developed in order to organize our knowledge systematically and too see the cause and effect relationship of different factors.

Figure 2.2: conceptual Frame work on the cause of educated youth unemployment and its socioeconomic effect



Source: Developed by Author, 2016the

CHAPTER THREE

3. Background of the Study Area and Research Methodology

3.1. Background Information of Addis Ababa

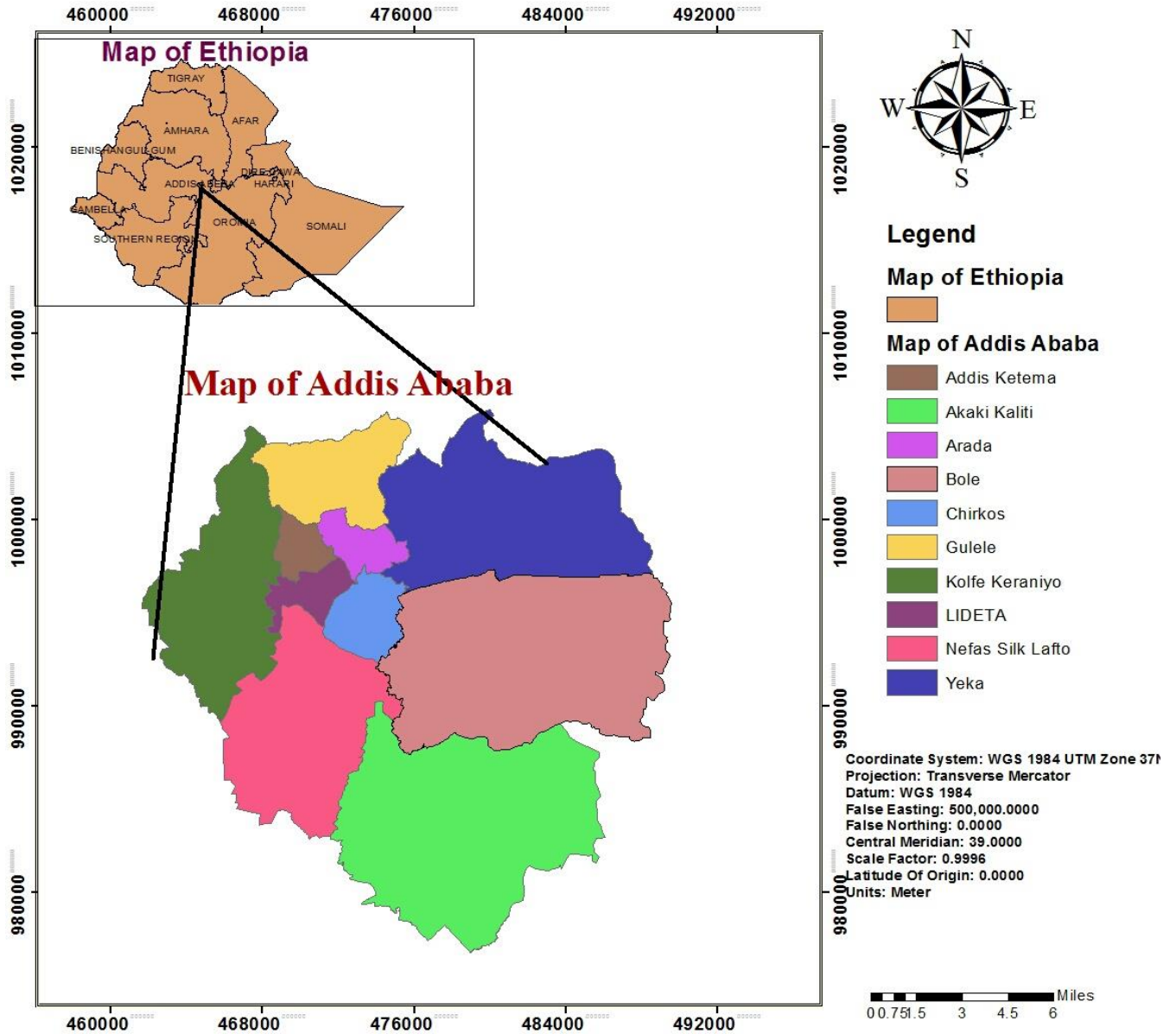
3.1.1. Geographical Location and Area

Addis Ababa lies on 9°1'48"N latitude and 38°44'24"E longitude. The city is located at the heart of the country at an altitude ranging from 2,100 meters at Akaki in the south to 3,000 (9,800 ft) meters at Entoto Mountain in the North. This makes Addis Ababa the third highest city in the world, after La Paz and Quito in Latin America. The city occupies a total area of 540 Sq. Km (BoFED, 2013).

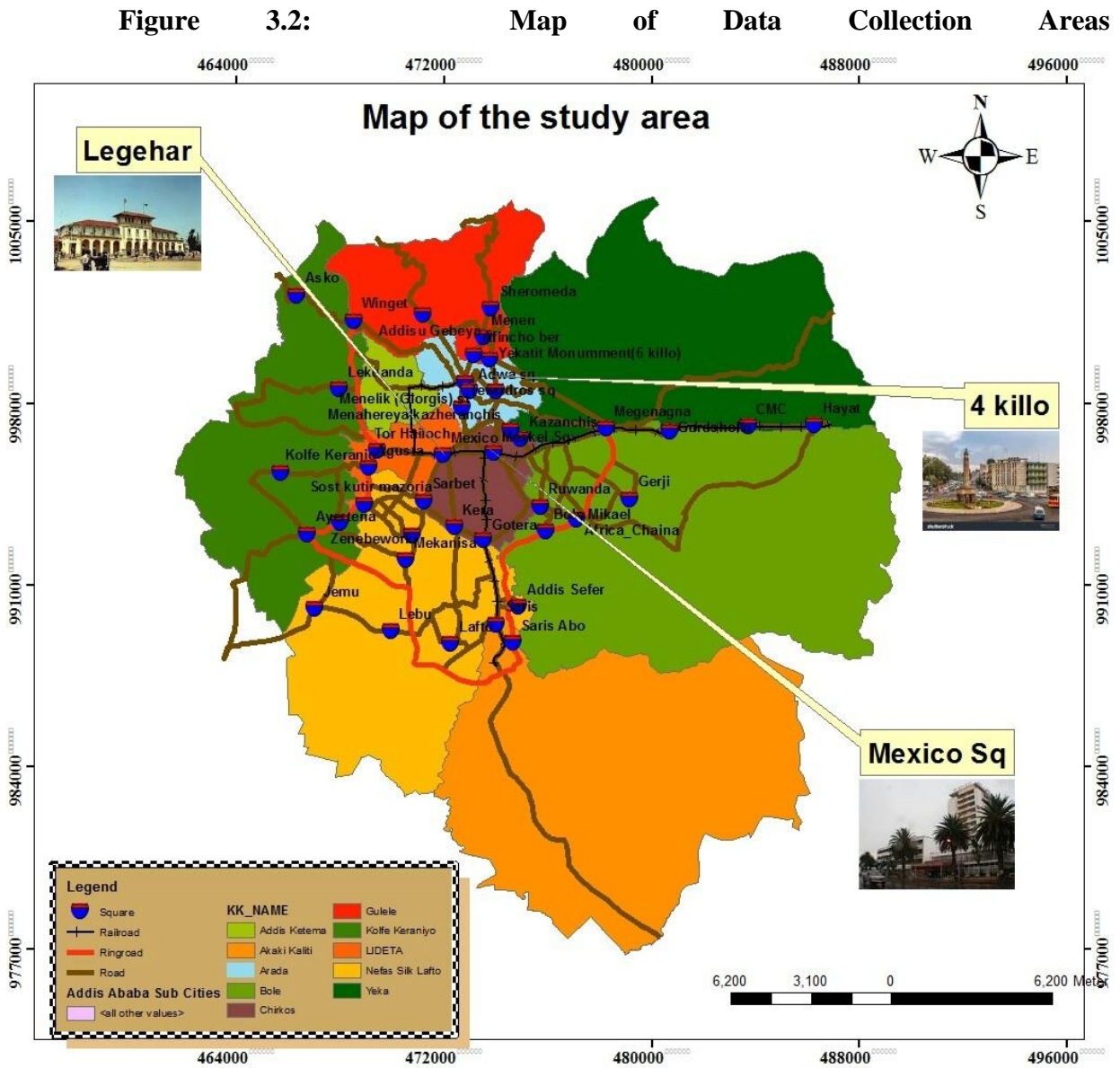
3.1.2. Administrative Units of the City

Addis Ababa is the largest as well as the dominant political, economic, cultural and historical city of the country established in 1887 by emperor Menilik II. It is the capital of the Federal Government of Ethiopia. It is also where the African Union and its predecessor the OAU are based. It hosts the headquarters of the United Nations Economic Commission for Africa (UNECA) and numerous other continental and international organizations. The city is divided in to ten sub-cities which are the second administrative units next to city administration. In terms of area coverage Bole is the largest sub-city followed by Akaki- Kality and Yeka. Addis Ketema is the smallest and followed by Lideta and Arada Sub-cities. The sub-cities are also divided in to *weredas*, which are the smallest administrative unit in the city. There are 116 *weredas* in the city administration (BoFED, 2013).

Figure 3.1: Map of the Study Area



Source: CSA, 2014



Source:

CSA,

2014

3.2. Climate of the City

Addis Ababa has a Sub-tropical highland climate. The city has a complex mix of highland climate zones with average temperature differences of up to 12.2°C depending on elevation and prevailing wind patterns. The high elevation moderates temperatures year-round, and the city's position near the equator means that temperatures are very constant from month to month. The months from June to mid-September is the main rainy season during which days and nights are cool by local standards. Average annual rainfall is 1,184mm, of which about 80% falls between June and September, the months of July and August being the wettest. The hottest months are usually April and May. The short rains fall during March to mid April, characterized by relatively cool nights and warm days (BoFED, 2013).

3.3. Population of Addis Ababa

According to BoFED (2013), the total population of Addis Ababa was estimated to 3,048,631 of whom 1,595,968 were females and the rest 1,452,663 were males. According to BoFED, this is 3.71 % of Ethiopian total population and 22.42 % of urban population. The population size of sub-Cities varies in space. According to Ethiopia Demographic and Health Survey 2012 cited on BoFED (2013), the TFR of Addis Ababa was 1.5%. This means the fertility rate of Addis Ababa is below replacement level and also much less than the urban average (2.6%) and country level (5.39 %). The rate of population growth of Addis Ababa is about 2.1 % (ibid, 2013).

3.3.1. Population Density of the City

The population density of Addis Ababa City in the year 2011/12 was 5,645.61 people per km sq, which is one of the densest populated areas in the country. With regard to population density of the sub-cities, it varies from sub-cities to sub-cities. Hence, Addis Ketema sub-City was the densest (31,646.21 people/km sq.) followed by Lideta and Arada. Akaki-Kality was relatively sparsely populated Sub-city, which was 1,599.94 people per km sq (BoFED, 2013).

3.3.2. Dependency Ratio of the City

Table 3.1: Distribution of Age-Sex Dependency Ratio of Addis Ababa in 2012

Sex	Age				Age Dependency Ratio		
	0-14	15-64	65+	All Ages	Young	Old	Overall
Total	681,170	2,228,510	151,716	3,061,404	30.6	6.8	37.4
Male	323,127	1,004,100	68,150	1,452,663	32.2	6.8	39.0
Female	358,043	1,224,410	83,566	1,595,968	29.2	6.8	36.1

Source: Bureau of Finance and Economic Development of Addis Ababa, 2013

According to CSA urban employment unemployment survey (2012) cited in BoFED (2013) reveals that from the total population of Addis Ababa (3,048,631) the number of economically dependent population was estimated to 37.4 %. The percentage of male dependency was slightly greater than female which is 39% and 36.1 % respectively.

3.4. Education Situation of the City

It was Addis Ababa where the first modern school opened in 1908 during Emperor Menilik II. Since then a number of schools at different level had opened and became operational. According to the third population and housing census of Ethiopia of 2007, about 85.6 % of the population of Addis Ababa was literate. The literacy rate by sex also reveals that there was significant difference between males and females. Thus about 91.3 % of male were literate while the proportion of literate among female populations were accounted for 79.9 % (BoFED, 2013). According to BoFED there is an improvement in literacy rate in Addis Ababa. The literacy rate by sex in 2012 is similar trend with that of the previous years. Hence, 92.8 % of male was literate while the proportion of literate among female populations was accounted for 80.0 %. Thus, the average literacy rate of the city in 2012 was 86.4 % which was above the average literacy rate of the country.

According to the city BoE in 2012/13 cited in BoFED (2013), there were a total number of 797,226 students in different levels in Addis Ababa. Of them 125,794 KG students, 484,517 primary school students, 152,514 secondary school students and above 100000 students of TVET and different Colleges.

A number of education facilities are available in the city starting from nursery to higher level education. According to BoE (2012/13) annual report, cited in BoFED (2013), there were a total of 2,221 schools in the city. of which 1,050 kindergarten, 760 primary schools, 188 secondary schools (9-12), 383 TVET colleges and medium institutions and one College of Teacher Education.

3.5. Healthcare Situations of the City

Modern health care institutions commenced in the reign of Menilik II. marked by the opening of the first modern hospital, Menilik II in 1900. In this regard, recently the city administration has been making effort to render health care access services based on prevention policy. The health facilities of Addis Ababa had been improved in service and increased in number in the past five years. Furthermore, there are six government owned hospitals and a number of Health centers and clinics which are contributing immensely to improve the health service in the city. The number of health professionals, on the other hand is increasing from time to time.

The development of private medical colleges in the city has helped a lot to improve the doctor/patient ratio. The number of health institutions which were operational in Addis Ababa until 2011/12 were forty two hospitals (36 private and 6 government), fifty three Health Centers (all government), 700 health clinics from low to higher (all Private), 235 drug store, 293 pharmacies and two health posts both government and private owns. The lion share belongs to the private in health sector than government. Currently, in order to access the health service to the population fifty health centers were under construction. Of them thirty three were inaugurated and became operational. The city administration expended over 550 million Birr for the construction and expansion of health facilities. The ratio of Physicians to Population is 1:22,015 and Health officers to population ratio 1:49,431 (BoFED, 2013).

3.6. The Infrastructure Profile of the City

One of the social problems of developing cities and urban centers are lack of adequate and efficient infrastructure. In this regard the city administration launched a total expansion and construction of infrastructure such as housing and road network that make possible progress in all aspect and ensure the benefit of the mass of population.

3.6.1. Housing, Status of Housing Facilities and Tenure of the City

Housing is one of the most important basic services, which affects the life of most of the population of the city. According to the 2000 welfare Monitoring Survey of CSA, cited in BoFED (2013), the available stock of houses can only sufficiently accommodate about 73% of the households and the remaining 27 % are homeless people. Most houses of the city are old, unplanned and inconvenient for living. According to the survey, from the total 387,000 houses in the city, about 238,000 of them or 61.5 % were residential while the rest are used as market and different services. The survey identified that 150,000 of houses were under government tenure, from this 76 % were older and without any maintenances. Furthermore, 31% of the houses were with single room, 25% without toilet and 27% without kitchen. Generally 75% of the houses were made of mud and wood. Because of rural-urban migration and natural increase there is an alarming population increase in the urban areas. This causes shortage of social utilities including housing in the urban centers. Likewise housing is the major problems of Addis Ababa. Therefore, in order to reduce the problem, the city administration launched housing development programs in 2003/04. As a result 26,138 houses were built up to the end of 2007/08. At the end of 2012/13 a total of 80,246 houses were transferred and which costs 6,390,341,136 Birr. Currently over 80 thousand of houses are under construction (BoFED, 2013). In addition to the government, real estate developers are involved to solve the housing problems in the city.

3.6.2. Roads and Transport

According to AACRA annual report of 2011/12 cited in BoFED (2013), currently the city has a total of 1,807 km asphalt, 1,777 km gravel and 277 km cobble stone roads. The road network coverage rose from 9.8 % in 2009 to 13.7 % in 2012. Over 530 pedestrian sidewalks have been constructed and over 22 km asphalt road maintenance carried out. And 108 km drainage line have been constructed and become operational. Like other developing urban cities, the transport service in Addis Ababa is inefficient and shortage of public transport services. Taxis, mid buses and public buses dominate public transports. In addition to these governments owned city buses also have been serving the city. In order to solve public transport services, the city administration are provided the city light rail which is launched this year in 2015/16.

3.6.3. Water Supply and Sanitation

According to AAWSA (2013) report cited in BoFED (2013), the city administration provided water for its residents from underground and surface water sources. Regarding water coverage, it had risen from 52 % in 2007/08 to 73 % in the 2010/11 and made outstanding performance in the year 2012/13 and reached 94%. The amount of water production per day also shows a significance improvement from 232,000 m³ in 2007/08 to 374,000 m³ in the year 2012/13. The Sanitation and sewerage system yet not well developed. Recently, effort has been made to restructure and improve the system (BoFED, 2013).

3.6.4. Electricity Conditions of the City

The proportions of housing units in Addis Ababa city administration with electricity have increased from 95.5 percent in 2001/02 to 98.12 percent in 2006/07. Recently this figure rose to 99.01 % in the year 2012/13 (BoFED, 2013).

3.7. Economic Activities of the City

3.7.1. Trade

According to Addis Ababa Bureau of Finance and Economic Development, the sector provides employment opportunity for thousands of unemployed dwellers of the city. It embraces those engaged in retail and whole sellers. According to trade and industry bureau report of 2011/12 530,314,931 capitals registered in whole sell, 13,611,959,577 in retail. Furthermore, 695,717,529 capitals were registered in industry (BoFED, 2013).

3.7.2. Investment

The investment sector is a major source of revenue and employment opportunity of Addis Ababa city. This sector was making progress every year. In this sector both Ethiopian and Non Ethiopians participated in different projects. In a year 2012/13 there are a total of 12,391 projects licensed with a total capital of 118,230,312,932 Birr. Construction, manufacturing and machinery rent stood the three major investment sectors that investors mainly involved comparing with that of agriculture, education, health, hotel and tourism, real estate and others sectors. On the other hand, Manufacturing, real estate and machinery rent were the three sectors that registered the highest investment capital. These investment sectors created job opportunities

for 904,085 unemployed dwellers of the city. Construction, manufacturing and hotel and tourism were the three major sectors that created both permanent and temporary better employment opportunity compared to others (BoFED, 2013).

3.8. Research Methodology

The type of research method adopted for a given research problem could mainly depend on the kinds of knowledge and theories researchers aim to produce (George and Bennett, 2004). Given the central research question of this study is to identify the causes of educated youth unemployment and its socio economic impact on individuals, families as well as on the society in different areas of Addis Ababa. Thus, the researcher observed that, the relevance of both qualitative and quantitative research approach to get more reliable data.

3.8.1 Data Type and Source

3.8.1.1 Data Type

Both qualitative and quantitative research approach and primary and secondary types of data were employed in this study. The importance of collecting and considering primary and secondary as well as qualitative and quantitative data used to triangulate and supplement the diverse data generated from different sources which in return is used to make the data and the result of the research reliable.

3.8.1.2 Data Source

In order to gather reliable information, both primary and secondary sources were employed. The data were collected primarily from first hand sources through interviews and questionnaires. The secondary data were gathered from official statistical sources (like- BoLSA, MOFED, CSA, MOE, publications and municipal documents), books, journals, internet sources, research findings of various scholars on the topic under investigation, and other publications.

3.9 Sampling Techniques

3.9.1 Selection of the Respondent

The population of the study was an unemployed educated youth living in Addis Ababa. Since the focus of the study was on educated unemployed youth, the sample frame from which the actual samples were drawn was an unemployed educated youth whose age ranges (15-29), whose level of education ranges from technical and vocational education and training (TVET) certificate to university graduate. To get the total number of educated unemployed youth, the researcher contacted the Addis Ababa City Bureau of Labor and Social Affairs (BoLSA). The bureau's officials provided me unpublished data of total number of unemployed educated youth registered in 2014/15. According to the bureau officials there were 34,456 unemployed educated youth whose level of education is range from TVET to university graduates. Thus, the researcher selects 396 respondent based on Yamane Taro statistical formula.

The Yamane Taro (1967) formula is:

$$n = \frac{N}{1 + N(e)^2}$$

Where, n = sample size

N = Total population

e = error of margin

1 = constant

$$n = \frac{N}{1 + N(e)^2}$$

$$\begin{aligned} \text{Thus, } &= \frac{34,456}{1 + 34,456(0.05)^2} \\ &= \frac{34,456}{1 + 86.14} \end{aligned}$$

= 396

Thus, 396 educated unemployed youth were selected by purposive, convenience and snowball sampling methods, representing variations in gender, levels of education (TVET certificate holders, diploma holders, and university graduates), age composition and duration of unemployment. Unemployed youth from fresh job seeker to individuals who experienced longer year duration of unemployment were included. Out of the total respondents, 15 informants were selected for interviews.

3.9.2. Selection of the Area

As O’Leary (2004) suggested that identifying data location and accessibility is crucial in any research process. Based on this, all questionnaires were distributed to the sampled respondent at different places in Addis Ababa called Arat Kilo, Legehar and Mexico. These places were chosen for the purpose. Because as it’s located in the center of the city, most unemployed youth have often come to these places to check for vacancies because of there is vacancy announcement board with so many vacancies, from the day laborer to the highly professional vacancies. And also there are many individuals in these areas who rent out printed vacancy papers and newspapers having vacancies like *Adis zemen*, Reporter and e.t.c.

3.10 Data Collection Methods and Procedures

3.10.1 Primary Data Collection

Primary data are first hand data collected from primary sources. In this study, primary data were collected from sample respondents. The primary data were both quantitative and qualitative data in nature. The researcher collected the primary data at the time of field survey. Questionnaires and interviews were the most important methods used to collect the primary data.

One set of questionnaire, containing both open-ended and close- ended types were designed and administered to the selected respondent. Initially the questionnaires were prepared in English but it was translated in to Amharic, the local language to make the questions simple, clear, and understandable to respondents.

The other data collection method that was used in this research is interviews. It was conducted through face to face contact between the respondents and the interviewer.

Interviews were used to collect qualitative data. The information gathered through interviews was used to triangulate and complement the data collected through questionnaires. Individuals who were willing to give interview were selected and contacted to obtain the relevant data. The researcher was a facilitator during interviews activity. Open-ended discussion was undertaken to gather the required information from the informants. Checklists were developed and used to guide the interview.

3.10.2 Secondary Data Collection

The secondary sources of data were gathered from official statistical resources (like-MOFED, BOFED, CSA, MOE publications and municipal documents), Additional secondary data and information were used from other online and published sources of the World Bank and ILO country reports, Addis Ababa City Council books, journals, project reports, proceedings, internet sources, research findings of various scholars on the topic under investigation, and other publications produced on youth unemployment in Ethiopia were consulted and referred.

3.11. Data Analysis

For analysis of the data both quantitative and qualitative methods were employed. Quantitative data generated from the survey questionnaire were analyzed using Microsoft Excel program. Descriptive statistics like frequencies, percentage, and diagrams were applied to facilitate meaningful analysis and interpretation of research findings. The results of processed data were presented in tables and figures. Qualitative data obtained through interviews were analyzed in narrations through descriptive method of analysis.

3.12. Ethical Considerations

Ethical clearance for the study was obtained from Addis Ababa University. During the study, full information was given to the participants on the purpose of the research and only those youth who were willing to participate in the study were enrolled as the respondents of the study. Confidentiality of the information obtained from the participant were be maintained strictly.

CHAPTER FOUR

4. Findings and Discussion

Under this chapter, the data collected through different data collection methods are discussed and analyzed carefully in order to show and assess the causes of educated youth unemployment and its socio economic effects in different areas of Addis Ababa.

As it was indicated in the methodology in the previous chapters, primarily the questionnaires were prepared and distributed for 396 sampled respondents who were accessed from Arat kilo, Legehar and Mexico areas. However, out of 396 questionnaires, 389 (98.23%) questionnaires were returned.

The data were discussed first, by presenting the back ground information of the respondent. Then it is followed by a presentation of opinions held by the respondents on the cause of educated youth unemployment and its socio economic effects on individual and on the societies. This in turn is followed by information on the measures how the government should be adopted to address the problem of educated youth unemployment. A general sum up of the data analysis concludes this section of the paper. In view of that, the findings are presented as follows.

4.1. Background Characteristics of Respondents

4.1.1. Gender of Respondents

The gender of the respondent as presented in Table 4.1, among the respondents 72.8 % were male whereas females comprised only 27.2%. There were more male respondent in this study than female because of most of the female respondents were not available at the time of data gathering. The male respondents were found to be more active in this study.

Table 4.1: Percentage Distribution of Respondents by gender

Gender	Frequency	Percentage %
Male	283	72.8
Female	106	27.2
Total	389	100

Source: Survey data, 2016

4.1.2 Age of Respondents

The age distribution of respondents included in the survey is presented in table 4.2. The highest proportion of respondents were found in the age group 20-24 years (58.6%), 25-29 years had response of (28.8%) whereas age group between 15-19 years had response of (12.6%). The age group from 20-24 years had the majority response because most of youths completed their education in between this age group and entering the labor market. So thus, as a job seeker they come to look vacancies and they were easily available during gathering of information.

Table 4.2: Age of the respondents

Age group	Frequency	Percentage %
15-19	49	12.6
20-24	228	58.6
25-29	112	28.8
Total	389	100

Source: Survey data, 2016

4.1.3. Marital Status

Table 4.3 shows the marital status of respondents. Out of the total respondents, 91.3 % were found to be single and 8.7 % were married. The gender of all married respondent was female. There is no divorced and widowed respondent. The majority of the respondents found in this study were single. In addition to closed ended question the researcher asked an open ended question, the reason why they were not married. Most of the respondent indicated that being unemployed means being economically unwell. Thus with this situation it's too difficult to think about marriage. This is in line with the study of Beshir (2014), In Ethiopia it's very common that

securing jobs for male is very important and compulsory to pursue adulthood responsibilities but for females, wage employment is equally important too but failure to secure wage employment might not necessarily delay their adulthood responsibilities.

Table 4.3: Marital Status of the Respondent

Marital status of the respondent	Frequency	Percentage %
Single	355	91.3
Married	34	8.7
Divorced	–	–
Widowed	–	–
Total	389	100

Source: Survey data, 2016

4.1.4. Educational Level of the Respondents

The aim of this study is to identify the cause of educated youth unemployment and its socio economic effects on educated unemployed themselves and on their society. Therefore, this research includes only those unemployed youth who at least have TVET certificate and diploma up to university degree. According to the data shown on Table 4.4, the highest proportion which is 64 % of the total respondents hold university degree , whereas 23.4 % of respondent have college diploma and the rest 12.6 % of the respondent are college certificate holders.

Table 4.4 Educational level of the respondent

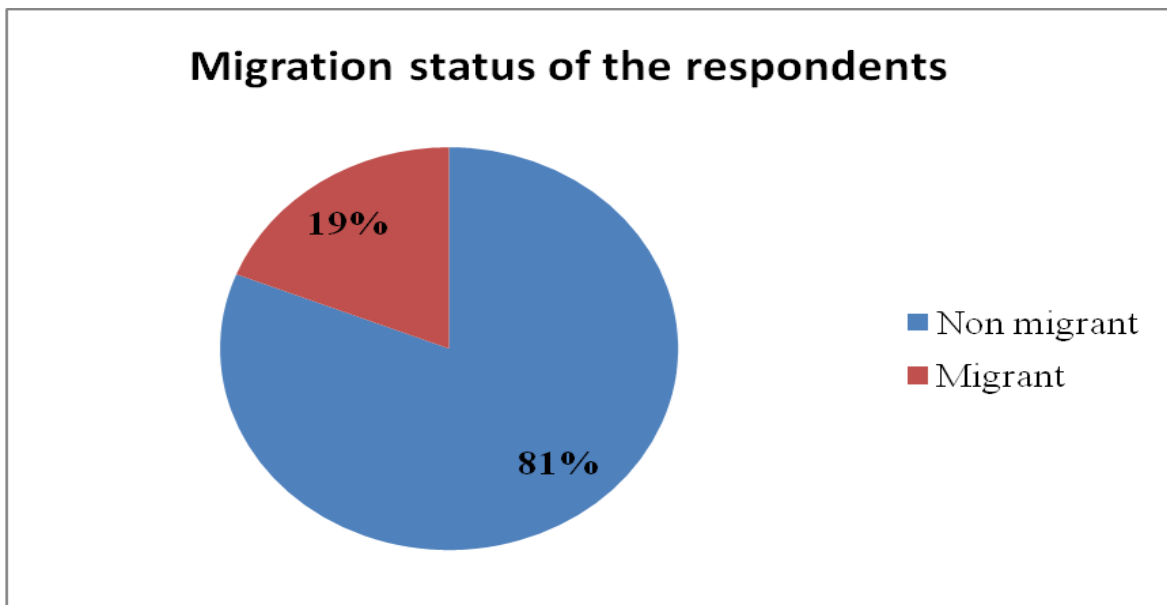
Educational level	Frequency	Percentage %
College certificate	49	12.6
College diploma	91	23.4
University degree	249	64
Total	389	100

Source: survey data, 2016

4.1.5. Migration Status of the Respondents

Based on the data shown on Fig.4.1, 81 % of the total respondents are resident of this city while the rest 19 % are migrated from different areas of the country. This data show us there is rural urban migration of educated youth from rural area of the country for searching of better job. Beside migration most youths that are not resident but completed their education in this city most probably don't want to return to their place of residence after completion of their education rather they stayed and searching for an available jobs .

Figure 4.1: Percentage distribution of migration status of the respondents



Source: survey data, 2016

4.2. The Main Cause of Educated Youth Unemployment

Although youth unemployment is a major problem in all over the world, the cause of this problem is different from country to country based on the nature and economy of the countries. Here in Ethiopia the cause of youth unemployment is deferent from area to area in terms of the economic activities of the areas. The causes of youth unemployment are also differing based on the educational level of the youth, i.e. low level of education is mentioned as main causes of unemployment for those that are not educated but it could not be a cause for educated youth. Table 4.5 shows the causes of educated youth unemployment based on the nature of the country in the study area.

Table 4.5: Frequency Distribution of Respondents on the Main Cause of Educated Youth Unemployment.

The main causes of educated youth unemployment	Frequency			Percentage %		
	Yes	No	Total	Yes	No	Total
Quality of education	163	226	389	42	58	100
Poor entrepreneurship skills	293	96	389	75.3	24.7	100
Mismatch between training and labor market	316	73	389	81.2	18.8	100
Poor economy of the country	361	28	389	92.8	7.2	100
Population growth	231	158	389	59.4	40.6	100
State failure to create adequate job	353	36	389	90.7	9.3	100

Source: survey data, 2016

There are number of causes of educated youth unemployment. The most significant is poor macroeconomic performance of the country in which the absorption capacity of the country economy for those educated youth is very low (Brousseau and Tekilesilassie, 2012). On the other hand Yohanes and Misaye (2014) in their studies identified that favoritism, corruption, bias and discrimination in different forms played a great role as factors responsible for youth graduates unemployment. The views of the respondent on the main cause of educated youth unemployment in the study area that is shown on Table 4.5 described as follows:

4.2.1. Quality of Education

Quality of education is crucial for the country’s economy and development. Even if most agencies, including government blame the quality of education for the current educated youth unemployment, Majority of the respondents, 58 % of the total respondents does not believe that the quality of education could be the cause to the current educated unemployment problem while the rest 42 % thought that quality of education has contribution to youth unemployment.

4.2.2. Poor Entrepreneurship Skills

One of the causes of educated youth unemployment is poor entrepreneurship skills and had a response of 75.3 % while the rest 24.7% did not consider poor entrepreneurship skill as a cause

of educated youth unemployment. According to the response poor entrepreneurship skills is the main cause for youth unemployment in the study areas. Even though, good entrepreneurship training in all educational institution helping them in creating their own business and to be self-employed rather than waiting for the government, this data implies that most of educated youths have no entrepreneurship skill and training in their school

4.2.3. Mismatch between Training and Requirements of Jobs

Mismatch of education and training skills with the requirements of the labor market is another important reason for the high level of educated unemployment. According to the data shown on table 4.5, from the total respondent 81.2 % believed that one of the causes of educated unemployment is the mismatch between training and requirement of jobs by the economy. In supporting data obtained through questionnaires, interviews were conducted. And regarding mismatch between education and the demand of labor market, one interviewee had the following to say: “.... *Since my graduation in 2014 from Wolayita Sodo University in History and heritage management, I have been checking many job vacancies almost on weekly basis, however, I have never come across any vacancy for History and heritage management*” (Interviewee-1). This data implies that lack of institutional linkage between training institutions and the labor market can be blamed for the difficulties educated youth facing to enter the labor market . This unmet need for employment was the result of a mismatch between labor supply and demand, which the 19th International Conference of Labor Statisticians called labor underutilization (ILO, 2013b).

4.2.4. Economic Status of the Country

Poor economy is a major problem for most developing countries such as Ethiopia. It is also believed that the main cause of educated unemployment. According to the data in the Table 4.5, the majority of the respondents, 92.8 % mentioned poor economic situation of the country as a main cause of educated youth unemployment. This implies that even if the government of Ethiopia announced that the economy of the country has been growing with the double digit economic growth since the last few years but the economy of the country is still low. Thus, low economic growth which is manifested in low economic activity and low investment entails low overall job creation. Brouser and Teklessilassie (2012) stated that when the economy of the country is poor the labor demand will be low and unable to keep pace with the increases in

educational attainment, particular with jobs which demand highly skilled labor. This creates the problem of educated unemployment.

4.2.5. State Failure to Create Adequate Jobs

In many developing countries including Ethiopia the failure of the state in creating jobs and absorbing the existed human resources is mentioned as a cause for youth unemployment. Based on the data shown in Table 4.5, 90.7 % of the total respondents blamed the failure of the state in creating jobs for their unemployment. A high level of unemployment indicates that the failure of a state to use its labor resources effectively. There may be a number of reasons to the failure of a state to utilize the existed skilled man power. The main reasons to the failure of a state is poor economic performance of the country in which it can't be able to absorb the existed labor resources and lack of an appropriate policy and program how to utilize the existed man power especially those educated unemployed youths.

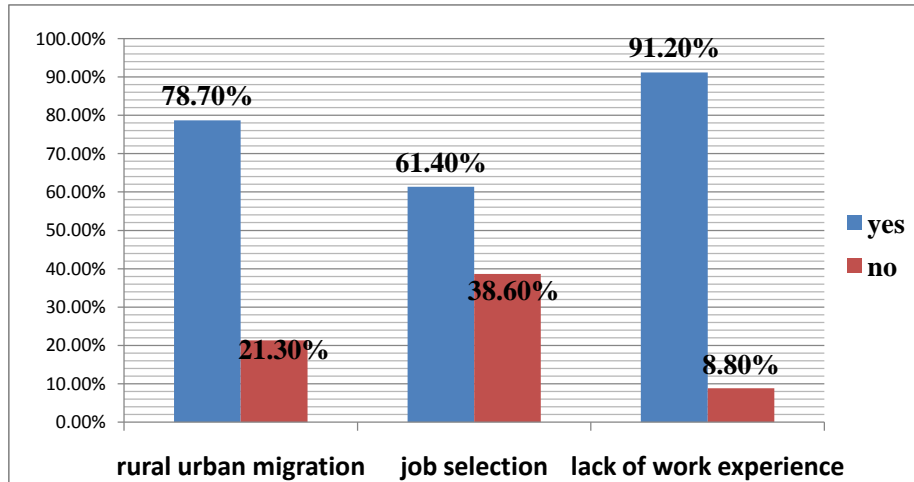
4.2.6. Population Pressure

Rapid growth of population is another factor affecting access of job opportunities. The data as shown in Table 4.5, from the total respondents 59.4 % of them believed that population pressure has a contribution factor for the current problem of educated unemployment while the rest 40.6 % doesn't mentioned population growth as the cause for educated unemployment. Size of the labor force has been increasing at an average annual rate of 3.2%, reached an estimated 32.2 million people in 2005 while the demand for labor has slower growth rate than the growing population (Nebil et al. 2010).

4.3. Factors that Contribute to the educated youth Unemployment

Although there are limited available jobs, most educated youth remains unemployed as a result of several factors. These factors aggravated unemployment rate of educated youth. In the case of Ethiopia particularly in Addis Ababa, Several factors could contribute to the causes of educated youth unemployment the following are identified as the major factors that make educated youth to stay unemployed while there were job opportunities.

Figure 4.2: Contribution Factors for Educated Youth Unemployment



Source: Survey data, 2016

4.3.1. Rural Urban Migration

Unemployment is most severe in urban areas of Ethiopia due to rural-urban migration (Nebil etal.2010). According to the data shown in Fig.4.2, 78.7 % of the total respondent thought that rural urban migration is a major contributing factor of the city for educated youth unemployment. This data implies that there are a large number of educated youth migrants from different areas of the country after they got their TVET certificate, diploma or Degree in searching of better job. As a result it makes scrambling and raises competition for limited available jobs. Addis Ababa as the primate city where major cultural, economic and political institutions are situated, it attracts more labor forces from different corner of the country that raises competition and scrambling for limited available jobs. Therefore, this large number of migration of educated youths from different corner of the country makes the unemployment situation of the city very worse.

4.3.2. Job Selection

Educated youth, most of the time, prefer to be employed in the formal sector rather than engaging in self- employment in informal sector (Serneels,2007).The response shown in Fig.4.2,

from the total respondent 61.4 % were found that they had job selection attitude. According to them they refused available jobs because of job selectivity. This information revealed that most of educated youth are highly aspire to get white collar jobs rather than to be engaged in blue collar jobs. According to Serneels (2007), for most of educated youth public sector and formal private sector employment are considered ‘good jobs’ due to their high wages, while self-employment, casual and cooperative employment are considered to be ‘bad jobs’.

Even though the government media claims that much has been done with the young people’s attitude towards available jobs, the response of relatively better educated youth indicated that they are unemployed because they perceived that these (blue collar) jobs are not meant for them. In addition to closed ended questions the researchers also employed open ended questions. Like the reason why they refused available jobs. Based on their response much of the respondent perceived that going to colleges and universities wouldn’t have been necessary to do menial jobs. One respondent wrote this *...If I knew that my final destination is working in the cobblestone project, I wouldn’t have gone to university spending three years to study sociology; three months training and less was enough to have this type of job.*

4.3.3. Lack of Work Experience

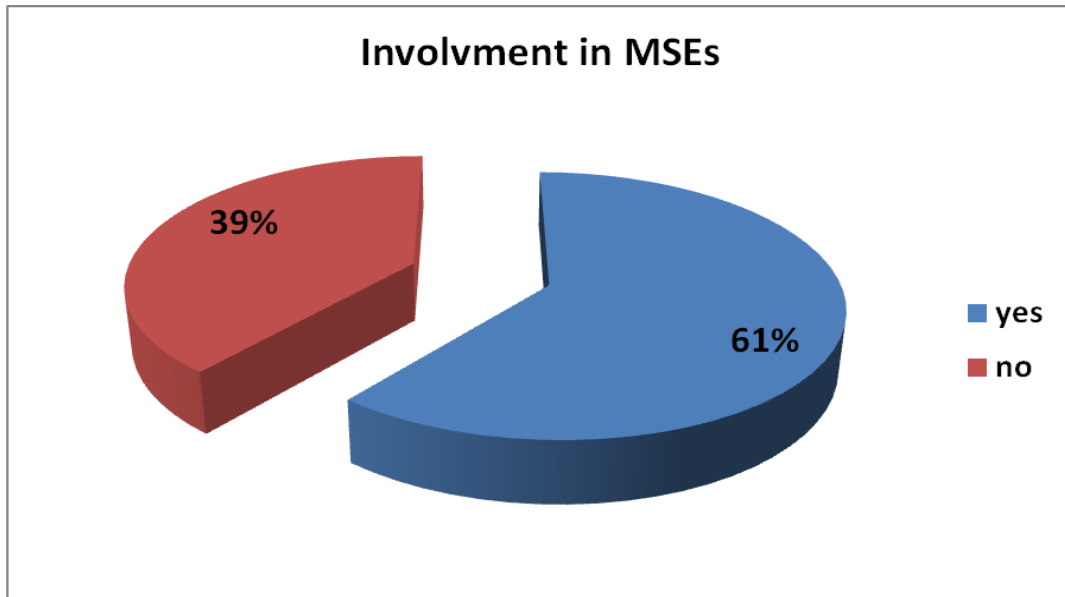
Lack of work experience also has many responses from the respondents. Fig.4.2 shows that 91.2 % of the respondents indicated lack of work experience is a major challenge for them to be hired in a job. This information implies that most of the vacancies announced both by the private organization and governmental organization required work experience. Even though the government stated that it creates different jobs in its organization considering of fresh graduates, in reality they are still suffering from unemployment because of lack of work experience. Therefore, on this situation where there is work experience requirement almost in all organization including government vacancies, make fresh graduates stay unemployed till they find a job that doesn’t require work experience.

4.4. Unemployed Educated youth and Micro Small Scale Enterprises (MSEs)

Since the last few years the government of Ethiopia has been taking measure to reduce problem of youth unemployment. During the two successive developments plans PASDEP(2005/06-2009/10) and first GTP (2010/11-2014/15), more emphasis has been given for Micro and Small

Scale Enterprises (MSEs) development based on their potential to create employment opportunities. According to the government report since the establishment, this sector is creating employment for millions of unemployed youth. Although this sectors creates opportunities for most unemployed youths to start their own business and to generate income, the participation of educated youth especially university graduates in this sectors is very low.

Figure 4.3: Percentage distribution of the respondent on the involvement of MSEs



Source: survey data, 2016

The involvement of educated unemployed youth in MSEs as shown on Figure 4.3, most of the respondents, 61 % said that they were looking for MSEs in searching of jobs while the rest 39% of the respondents did not search other jobs. Even though MSEs are thought as a good job creator sectors for unemployed youth, according to them (61 % of the respondent who were looking for the job in MSEs) no one of the respondent could get job opportunity from this sector. In addition to this the researcher asked those 61 % respondents who said they were looking MSEs to get employment the reason why they couldn't find job opportunities in this sector. Based on the data which is shown in table 4.6, 36.3% of the respondent said bureaucracy is a major problem while 46 % point out corruption as a major problem to get job opportunities in MSEs. The rest 17.7 % listed out there is no job related with their profession as a reason. In addition to this through informal communication with friends and other peoples the researcher

observed there is a political based discrimination as a challenge for educated youths to get job opportunities from these sector.

Table 4.6: Distribution of respondents on the reason why they couldn't get job in MSEs

Reason not to get job in MSEs	Frequency	Percentage %
Bureaucracy	86	36.3
Corruption	109	46
No job related with your profession	42	17.7
Total	237	100

Source: survey data, 2016

From this finding of the research it can be seen that bureaucracy and corruption are identified as a major problem for educated youth to get job opportunities in MSEs. In addition to this the researcher also observed political based discrimination to enter in these sectors as a problem.

4.5. The Effect of Educated youth Unemployment

Unemployment has multiple economic, psychological, political and environmental consequences on youths. The effects of unemployment can be classified broadly as private (individual) and social effects. The private effects of unemployment are those effects borne by the unemployed youths themselves. The social effects on the other hand refer to those impacts to the societies as well as the nation at large and it can be the cumulative results of private effect (Abebe, 2011).

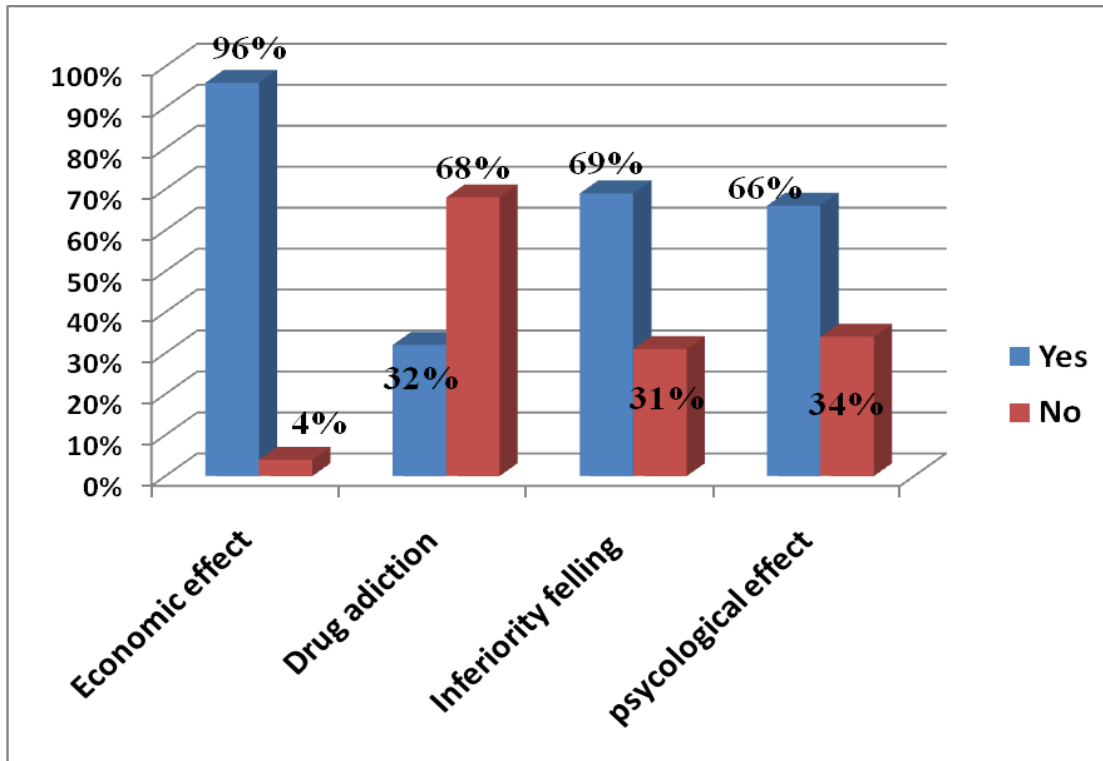
Unemployment effect was dominant among persons who are 20-25 years of age, in which most of them have completed their education and entering to the labor market with no prior work experience (Tesfaye, 2015). Youth unemployment also affect once country economy as a result of wasting of economic resources of productive labor forces and there by affect the long run growth potential of the economy. Unemployment also gives rise to increased crime, suicides, poverty rates, alcoholism, drug addictive and prostitution. Unemployment also has indirect effect on once country resources because it comes up with cost (cost of crime prevention) which rather could have been used for other developmental purpose. Unemployed person had negative

attitude towards political system than employed ones. The labor market insecurity increase dissatisfaction and youth violate with the existing political system. Camfiled (2011) stated the implication of educated youth unemployment illustrated by the recent events of the ‘Arab Spring’ (December 2010 onwards) where a protest by Mohamed Bouazizi, an unemployed graduate living in a provincial town in Tunisia burning himself in the street and sparked both similar protests – another unemployed young man from the same town climbed an electricity pole, shouted “no for misery no for unemployment” then touched the wires and electrocuted himself – and a chain of events that brought down governments across the Middle East .Youth are very sensitive for anything to do, if properly supported and guided, give access to work and follow up continuously can create good citizens and young population in the country. According to Tesfaye (2015), many educated youths complain on adequacy of policies and strategies aimed to addressing unemployment, they have doubt on implementation of the programs to reduced unemployment rate.

4.5.1. Effects of Unemployment on Educated Themselves

Unemployment educated youth, those residing in Addis Ababa are vulnerable for different socioeconomic problems such as drug addictive, staying and spent their time on the street without any purpose, engaged in crime activities and being dependent on their families. Figure 4.4 shows the effects of unemployment on educated unemployed youth themselves.

Figure 4.4: Effects of unemployment on educated youth themselves



Source: survey data, 2016

Based on the data which is shown in figure 4.4, from the total respondent 96 % said yes for economic effect whereas inferiority feeling and hopelessness had a response of 69 % from the respondents . The remaining psychological effect and drug addiction had a response of 66 % and 32 % respectively. From this information, we can see that economic effect, psychological effect as well as inferiority feeling and hopelessness are the major effect that most of educated youth suffers as a result of unemployment. Educated unemployed are highly affected by lack of income for their livelihoods so that, they couldn't be able to satisfy their basic needs. As a result of this they are trying to cop up from this problem by using different coping mechanisms. According to the respondents some of educated unemployed youth working some menial jobs as they call it in Amharic “tebarari sirawoch” sometimes they also call it “tikakin sirawoch”. Some of educated unemployed gathered with their friends and advertising for home to home tutorial service to get an income to cover their expenses while they were looking for formal jobs. Some of educated unemployed youth are stayed at home and economically depended on their family, relatives and friends to cover their basic needs. Most of the informants of the study mentioned that they do not afford to go out to the cafeteria, cinema, and theater with their friends. So that, they have felt that

they are socially isolated. According to the informants, they also ashamed themselves because they depended on their families while they expected to support them. and they believed that they don't equally participate in the family's and community affairs, and they are not important as long as they have nothing to contribute to their families and communities.

As the informants, unemployed youth with no income also faced the difficulties where to spend their time, spending their time is depended on their, family, friends and relative's economic status and their gender. Unemployed youth from poor families did not have more options in which they can engage to pass their free time. Because many places and options where youth can spend their free time such as watching cinema and theater, playing games, passing time in the cafeteria with their friends and using social media such as internet usually incur costs which is unaffordable for most of them. Consequently, they are more likely suffered from depression, loneliness and mental stresses (Kielbach and Traiser, 2002). Therefore, as Paul and Moser (2009) revealed unemployment have stronger negative psychological and mental effects on people of lower social status. As a result of these most unemployed youths tried to escape from their depression, loneliness and mental stress by using addictive drugs (*k'hat, shisha*) and different Alcohols.

In addition to this with informal communication with friends and other peoples, the researcher observed that illegal migration is the consequence of unemployment. Even though the government blamed that human trafficker and lack of awareness creation by different stakeholders as a root cause of youth illegal migration, and most people's indicated unavailability of employment opportunities as a cause for illegal out migration. Although the government captured and accused many human traffickers and different Medias including social media trying to aware how dangerous illegal migration is but youth illegal out migration is still highly continues. In relation to this one informant say this in Amharic "*be endezih ayinet huneta ezih hager keminor yilk ye qey bahir shark bibelagn emertalehu*". "*For me, it is better to be eaten by red sea sharks than living in this country in such situation*". Therefore, even though it's much known how illegal migration is dangerous for most people and even for them, unemployment forced them to be illegally migrated by the hope of getting better job with scarification of their lives. and most of the youths lost their live on the way of this illegal migration (i.e. slaughtered of 30 Ethiopian youths by ISIS militant last year, and last month boat

sank in Mediterranean sea on the way from Egypt to Europe where more than 500 peoples dead. there were Ethiopians among those who dead in the sea as reported by different social medias).

4.5.2. Effects of Educated Unemployment on the Societies

Educated youth unemployment doesn't only affect unemployed themselves but rather it affects their family and the society at large. According to Abebe (2011), societies are affected by the total cumulative effects of individuals who are affected by unemployment. Therefore, there is economic as well as social effect on the community as a result of educated youth unemployment.

Table 4.7: Effects of educated unemployment on their family and on the societies

Effects of unemployment	Frequency	Percentage
Poverty	145	37.2
Increased of theft and other crime	81	20.8
Dependency	132	34
Prevalence of prostitution	31	8
Total	389	100

Source: survey data, 2016

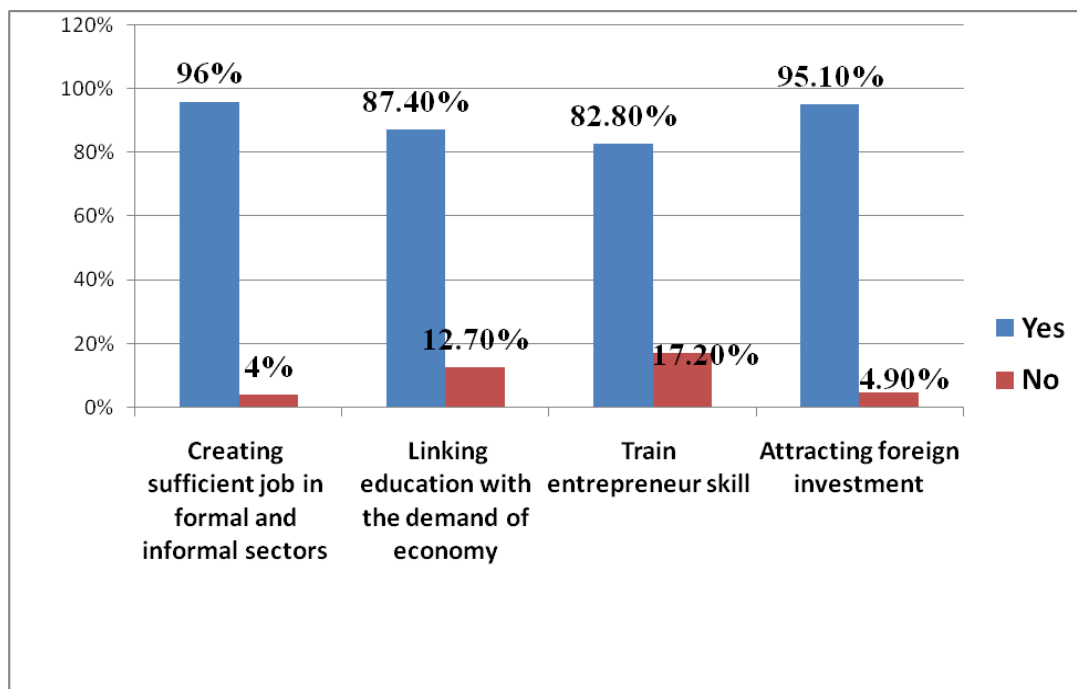
Based on the response on table 4.7, poverty has the response of 37.2 %, on the other hand rising of theft and other crime has got 20.8 % whereas dependency got a response of 34 % and prevalence of prostitution got 8 % response. As we can see from this information, poverty, dependency, and the rising of theft and other crimes often affect the society as a result of unemployment of educated youth. Most of unemployed youth have no means of income for their day to day expense and remain dependent on their families, relatives as well as on their friends. Obviously it's very common in Ethiopia that family has a significant role to play in supporting young people financially, socially and psychologically when they are unemployed. The family continues to support their young ones as much as they can up until they are able to secure any means of survival. Families do this because there is no any other means such as social security or other unemployment benefits. According to the information obtained through informal communication, in the family the older son or daughter who already had a job may share the burden of supporting the younger ones in their course of transition from school to work. All this in sum increase the prevalence of poverty in their family as well as in the society at large.

Educated youth with no employment where their parents and relatives couldn't afford to support them and have no one in supporting their financial and material needs may tend to do theft and commit other crimes as a means of coping up their financial need this is highly affect the day to day activities of the society as well as peace and security of the society. Sometimes youth women's who have no job and have no means of income may tend to do prostitution to get an income as a result it increases the prevalence of HIV/AIDS. As Abebe (2011), unemployment of youths considered as a risk factor for the distribution of HIV/AIDS. In addition to this the researcher asked the effects of educated youth unemployment on the generation. Most of the informants replied that educated youth unemployment has an advert effect on young generation attitude towards education. Most youngsters are hoping to live a better life through education and investing their scarce resource on schooling. But when they see their elders in unemployment even though they are educated, and know that education is not the only way to improve their livelihood and to lead a better life, their aspiration to attend their education will be decreased. Now a day there is a statement that is said by most of youngsters in Amharic *Yetemarena ye bela wodko aywodikim yemibalew dro kere yilk timihrtna daget eyarefu new. Those who educated and those who eat most never remained failed does not work this time. Rather, education and mountain climbing is better with rest* in relation to this one interviewee said this ... *Of course I believe in education, everybody must do at least secondary education, in my opinion university education is important as far as it gives you job otherwise, I consider it as wasting time.* Beside social and individual effect youth unemployment may also has a political consequence because most unemployment youth especially those educated unemployed youth blamed the government and its policy for the cause of their unemployment. As a result they have negative attitude and dissatisfaction with the existing political system (Camfield, 2011; Tesfaye, 2015).

4.6. Possible Strategy to Alleviate Educated youth Unemployment

There are possible ways to solve educated youth unemployment problems through the participation and intervention of different stakeholders. Even if the government is expected as major actors in reducing the existed educated unemployment problem, educated youth themselves, families, societies and different social organization also should have a responsibility in fighting this problem in the study area.

Figure 4.5: Possible solution to reduce educated youth unemployment in the study area



Source: survey data, 2016

According to the information on Figure 4.5, creating sufficient jobs had a response of 96% of the total respondents. Attracting foreign investment has a response of 95.1 %. Linking education with the demand of the economy had 87.4% of the total respondent whereas encouraging foreign investment has got a response of 82.8 %. According to the information on the above graph the highest respondent mention to fight educated youth unemployment problem are creating sufficient jobs in both formal and informal sectors. Even though the government made effort in reducing youth unemployment through the expansion of Micro and small scale enterprises but it's not considering educated youth. The researcher observed from the respondents, Most of

educated youth do not want to work as a day laborer in housing and construction works or may not willing to work in cobblestone paving while he/she studied medicine, business and other fields. Rather they want to work similar work with the field that they studied. Therefore the government should have to create jobs in formal sectors or have to facilitate those informal sectors to be a good working environment for those educated unemployed persons. Attracting labor intensive foreign investment also described as an alternative. Another alternative that was described by most respondents in reducing educated unemployed youth is linking education with the demand of economy. In relation to mismatch between education and demand of the economy, unemployed youth, particularly those with higher education qualifications complained about the irrelevance of some fields of studies offered in universities that are not wanted to the labor market. Most of them believed that Schooling is supposed to be responsive to the demand in the labor market. Therefore the government should have to do more on institutional linkage between educational institution and the labor demand. Lack of entrepreneurship skill is cause of youth unemployment. Therefore, to reduce this problem much work should be done in scaling up entrepreneurship skill of the student during their schooling time. Giving entrepreneurship skill as a course may help them to develop their entrepreneurship skill. As a result they could be able create their own business rather waiting jobs from the government. Scaling up entrepreneurship skill of the youth its self may not be a solution but in addition to this enhancing credit provision and other encouragement is needed. Another option in fighting for reducing youth unemployment is controlling of rapid population growth and reducing high flow of young people from countryside to the city by creating work opportunity in their place of residence so this all need to take immediate action as a solution.

In addition to these, the researcher was asked open ended question to the respondents on what is the responsibility of the societies, the families and educated unemployed themselves. According to them the societies and families should have a responsibility to aware the youths and encouraging them to do job without selection. Educated unemployed also have not only waiting for the government for white collar jobs rather they should work in any job without selection till they find their inspired jobs.

4.7 Factors that are needed to be addressed during Unemployment Reducing Program

There are a number of factors that seeks to be avoided in reducing of educated youth unemployment programs. The following factors that are shown in table 4.8 below are mentioned by the respondent as a major problem.

Table 4.8: Percentage Distribution of Respondent on the problems seeking to address in reducing of educated unemployment in the study area

Problems on reducing educated unemployment	Frequency	Percentage %
corruption	205	52.7
Lack of commitment	86	22.1
Lack of transparency	98	25.2
Total	389	100

Source: survey data, 2016

According to the data on table 4.8, of the total respondents, 52.7 % mentioned corruption as a major problem while lack of transparency and accountability and lack of commitment had a response of 25.2 % and 22.1 % respectively. Based on the finding corruption is identified as a major problem that should be avoided in programs of reducing educated unemployment. Most of educated unemployed complained that, now a day family network is very important to acquire job in all the governmental institutions, and in private and informal sectors. This works through the connections and influences that family and relatives endowed based on their socio-cultural and economic positions in the society. Unemployed youth from well off background as Jeffrey (2008) argues have better “social connections and cultural confidence” than unemployed youth from poor background who usually lack of economic, social and cultural advantage. In addition to corruption the researcher observed from informal communication from different youths that, there is political based discrimination in the study area. Members of ruling political party are more advantageous in recruitment in different governmental organization than that of not members of the party. Thus, Government and administration of the city should have taken measures to address these problems.

CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusion

Most young people are attaining their formal education with the hope of leading a better life and improving their livelihood. As a result those young peoples and their families are investing their scarce resource on school education on the aspiration of securing a better job which in turn improving their income and overcome poverty. Although, young people's and their families who placed their hopes on education that is associated with upward social mobility and improvement of livelihoods, most youth in their post schooling life have to face unemployment challenges and remain jobless for an extended period of time.

The increased in the number of students enrollments at all levels with the limited employment creation by the economy brought educated unemployment phenomenon in the country. This has created the gap between young people's expectation of education and the reality they encounter. To this end, as UN (2005) puts "failure to coordinate education provision with labor market needs" has contributed to the excessive educated youth unemployment. The situation has largely affected new labor market entrant young people with hopeful aspirations. For some of these group expectations to lead better life through formal education are not being achieved and dependence on their family has rather been prolonged.

In this study, an attempt has been made to explore the major causes of educated youth unemployment. Thus, there are several factors identified as the main causes for educated youth unemployment. To mention a few are: - poor economic performance of the country, state failure in creating adequate jobs are identified as a cause for educated unemployment. Skill mismatch also identified as a cause of educated youth unemployment. The irrelevance of certain trainings to the labor market demand has witnessed the poor linkage between training institutions and the labor market. The study also identified lack of entrepreneurship skill as a cause for educated youth to be waiting for job from the government, rather than creating their own business. As a result of this educated youth remains unemployed until they found job from government.

The study also tried to explore the factors that make educated youth to be unemployed while there is an available job, according to the study rural urban migration is indicated as a factor in Addis Ababa because it makes scrambling on the limited available jobs. Attitude of job selection also makes educated youth to be unemployed because most of educated youths are highly aspire for white collar jobs. Young educated people also face difficulties to get jobs due to lack of work experiences. The study looks the involvement of educated youth in informal sectors like MSEs. According to the study even though, most educated youth tried to get opportunity in this sector, they couldn't get engage in this sector yet as a result of several factors. Of these factor, bureaucracy, corruption and works do not relate with their profession are identified as a factor for not to get job opportunity in this sector.

This study also assessed the effect of educated youth unemployment on educated unemployed themselves, on their family and the society as a whole. According to the study lack of income for their basic need, inferiority feeling, psychological effect and drug addicted mentioned as a major effect on educated youth as a result of unemployment. The problem of educated unemployment also affected unemployed youth families and the societies. Rising theft and crime, increasing dependency, prevailing of poverty and prostitution are indicated as major effects as a result of educated unemployment. An attempt also made to assess the views of educated unemployed youth on the possible strategies to solve this problem. As a result, attracting foreign investment, matching education with labor market, scale up the entrepreneurs skills of the student and creating adequate jobs in both formal and informal sectors are stated as a solution.

5.2. Recommendations

The study identified multitude of factors responsible for high rate of educated youth unemployment in the study area. It can be seen that educated youth unemployment issues in Ethiopia remain a continuing problem until high priorities are given to the situations and addressed accordingly. Therefore, based on the finding of this study, the following recommendations are made.

- ❖ The government and the city administration should have to progress the economy and create adequate jobs by attracting labor intensive foreign investment that can create more jobs for educated youths.

- ❖ The government should work for good governance.
- ❖ To reduce the skill mismatch problem, action should be taken in enhancing the responsiveness of education institution to the labor market demands by strengthening the linkage between education institutions and the labor market.
- ❖ Action should be taken in enhancing the entrepreneurship skill of the student by giving entrepreneurship as one subject in all educational institution and, arrange credit facilities for educated unemployed to create their own business.
- ❖ To fight educated youth unemployment problem in the city, action should be taken to control high flow of young people from countryside to this city where it has the contribution factor for the prevalence of educated unemployment and it need to take immediate action as a solution by creating job opportunity for migrants in their area.
- ❖ Lack of Work experience is mentioned as a challenge to get hired in different institution, thus, at least governmental vacancies should be consider those fresh graduates.
- ❖ Micro and Small Enterprises (MSEs) should have consider and participate educated youth especially university graduates in facilitating and creating at least similar jobs with their profession.
- ❖ One of the challenges that make educated youth to stay unemployed with available job is job selection attitude. Therefore, government, families, societies and all concerned bodies should have to create awareness towards job selection attitudes.

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APPENDICES

Appendix: I

ADDIS ABABA UNIVERSITY COLLEGE OF SOCIAL SCIENCE

The Cause of educated youth unemployment and its socio economic effects in Addis Ababa

I am student of Addis Ababa University. Undertaking a study on the “cause and effect of educated youth unemployment” in Addis Ababa. This survey intends to explore the cause of educated youth unemployment and its socio economic effects as well as solution that can be put forward to address the challenges. Your response to the survey items is highly contributes to the success of this study. You are kindly requested to fill this questionnaire exhaustively and as honestly as possible because it enables me to achieve the objectives of this study.

The information provided is strictly for academic purpose and will be treated with maximum confidentiality.

Please **DO NOT** write your name in any part of this questionnaire.

PART 1: Personal Information

Background information of the respondents

Tick the most appropriate answer based on information

1. Sex: A. Male B. Female
2. Age: A. 15-19 B. 20-24 C. 25-29
3. Resident of Addis Ababa: Yes No
4. Marital status: A. Married B. Single
 C. Divorced D. Widow
5. If you are single, what is your the reason to be single _____
6. Education level:
 A. TVET Certificate B. Diploma
 C. University Degree and above

Part. II. Questions on the cause of educated youth unemployment.

1. Do you think that quality of education is a cause for educated youth unemployment?
A. Yes B. No
2. Do you think that you remain Jobless because of poor entrepreneurship skill?
A. Yes B. No
3. Mismatch between your profession and the labor market make you to stay unemployed?
A. Yes B. No
4. What was your department that you were graduated? _____
5. The economic situation of the country has a contribution on your unemployment?
A. Yes B. No
6. Do you think that, the government does not create sufficient job opportunities to the educated youth?
A. Yes B. No
7. Does population growth have a contribution for educated your unemployment?
A. Yes B. No
8. Do you think that rural urban migration has a contribution for educated youth to remain unemployed?
A. Yes B. No
9. If your answer for question no. 8 is yes, how? _____
10. Have you willingness to do any kind of jobs that's not related with your profession?
A. Yes B. No
11. If your answer for question no. 10 is no why? Specify
12. Have you ever tried to find a job in Micro and small scale enterprises?
A. Yes B. No
13. If your answer for question No. 12 is yes, why couldn't you still find a job in this sector?
A. because of bureaucracy
B. Job does not related with your profession
C. Corruption D. If other specify _____

Part III

Question on the socio economic effect of educated youth unemployment

1. Did you suffer from unemployment?

A. Yes

B. No

2. If your answers for questions No. 1 Is yes choose the effect that you have got because of unemployment.

N.B. Put the (x) mark on the space provided.

Problems that faced because of unemployment	Yes	No
Economic effect		
Addicted to different drug		
Inferiority feeling		
Psychological effect		

3. If you have got other problem that is not mentioned on the above table please specify _____

4. What are the effects that unemployed youth families and societies have faced because of educated unemployment?

A. poverty

C. dependency

B. Rising theft and other crimes

D. prevalence of prostitution

E. If other specify _____

Part 4

Questions on the possible solution of educated youth unemployment

N.B. please put (x) mark on the space provided

Solution for educated unemployment	Yes	No
create sufficient job opportunities in formal and informal sectors		
Match the education with the labor demand of the economy		
Improve the entrepreneur skill of the student		
Attract foreign investment		

2. What are the problems faced on the educated youth unemployment reduction program?

A. Corruption

C. Lack of transparency

B. lack of commitment

D. if other specify _____

3. Do you think that families and religious organization have the responsibility in reducing educated youth unemployment?

A. Yes

B. No

4. If your answer for question No. 3 is yes, how could they their responsibility _____

5. Do you think that educated youth themselves have to create their business?

A. Yes

B. No

6. If your answer for question No. 5 is yes, how? _____

Thank you for your participation

Part IV:

INTERVIEW GUIDE

Dear Sir/ Madam

My name is Daniel Gebretsadik. I am undertaking a study on the cause and effects of educated youth unemployment in your area

I kindly request you to answer these simple questions honestly.

The information that you give is strictly for academic purposes and will be treated with maximum Confidentiality.

1. What are the causes of educated youth unemployment in this area?
2. What are the effects of educated youth unemployment in the society?
3. What are the impacts of unemployment on educated unemployed themselves?
4. What is the effect of educated youth unemployment on the coming generations?
5. If work opportunities are created in SMEs, will you willing to work in this sector?
6. What should be done by the government and city administration to reduce educated youth unemployment?
7. What is the responsibility of families, societies and educated youth in reducing of educated unemployment?

Thank you for your participation

Appendix II

Youth crowded for Job search at 'Legehar' and 'Arat Kilo' areas Addis Ababa



Source: Picture taken during fieldwork (February, 2016)