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**Challenges and Prospects of
Entrepreneurship Development and Job Creation
for Youth Unemployed: Evidence from Addis Ababa
and Dire Dawa city Administrations, Ethiopia**

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Creation for Youth Unemployed: Evidence from Addis Ababa and Dire
Dawa City Administrations, Ethiopia**

COMMUNITY- BASED MONITORING SYSTEM-ETHIOPIA (CBMS -12658)

Research Paper 1 –Youth Employment and Entrepreneurship (YEE)

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ABSTRACT

This research paper is on youth employment and entrepreneurship. It investigates a total of 3,591 youths in two different geographical areas of Ethiopia, i.e., central and eastern. In doing so, it has taken three specific villages: Melka Jebdu and Gedenser (Eastern Ethiopia) and Wereda 10 (Addis Ketema, central Ethiopia). The core objective of the study is to assess the issues related to youth unemployment and entrepreneurship in Addis Ababa and Dire Dawa. Some of the specific objectives set are: to determine the unemployment rate for male and female youth in the selected Kebele/Sub city; to determine the magnitude /proportion of the unemployed across population subgroups (by age group, sex and urbanity); and to identify major bottlenecks for the female and male youths in starting up a business in the selected two areas.

As a methodology, the following hypotheses were presented: (a) the level of female youth unemployment exceeds male youth unemployment, (b) financial constraint is the most critical bottleneck to start up a new business in the selected sites, (c) the youth are suffering from unfair competition and corruptive employment actions, and (d) the youth in the area lack training related to starting their own venture.

As a tool of descriptive data analysis in this paper, frequency tables have been used. In addition, logistic regression predicting and analysis tool has been used to check the tendency for youth self-employment in the project sites.

The census finding shows that youth unemployment rate is at an aggregate of 11.39 percent for the project sites. Specifically, the prevailing youth unemployment rate in the project site in Addis Ababa is 10.06 percent. In contrast, the two sites in Dire Dawa sites, namely, Melka Jebdu and Gedenser, have youth unemployment rates of 12.87 percent and 20.34 percent, respectively. In addition, the study finds that the major cause for the youth not to engage in self-employed job is capital.

The research has also tried to determine how unemployment is reflected in terms of gender. In this regard, the results based on the data indicate that the hypothesis saying that unemployment prevails more among females than males is totally false.

Generally, this paper has investigated issues like: factors affecting the youth's being self-employed in the overall project sites, the involvement of the youth in extra jobs, and the degree of influence of various factors on the youth's being self-employed. Finally, the paper has

provided vital policy recommendations in handling the youth employment/unemployment issue in the project areas

Table of Contents

Contents	Page
List of Tables.....	5
List of Figures/Maps.....	5
List of Acronym.....	5
1. INTRODUCTION.....	7
2. REVIEW OF RELATED LITERATURE AND FRAMEWORK OF ANALYSIS.....	10
1.1 Theoretical literature	10
1.1.1 Unemployment.....	10
1.1.2. Types of Unemployment	11
1.1.3. Consequences of Unemployment	14
1.1.4 Entrepreneurship.....	16
1.1.5 Youth Unemployment and Entrepreneurship.....	18
2.2. Empirical Literature	20
2.2.1. Entrepreneurship and Youth Unemployment in Ethiopia.....	20
2.3 Literature on programs of youth employment and entrepreneurship	24
3. STATEMENT OF THE PROBLEM.....	28
4. OBJECTIVE OF THE STUDY	28
4.1. General Objective.....	28
4.2. Specific objectives.....	28
5. SCOPE OF THE STUDY.....	29
6. METHODOLOGY	29
6.1 Data collection instruments.....	29
6.2 Data collection approach.....	29
6.3 Data processing	31
7. RESEARCH OUTPUTS AND PRESENTATIONS	33
7.1 Descriptive Research Outputs.....	34
7.2 Model Results Discussion	40

7.2.1 Covariates of Self-employment (engagement in entrepreneurship).....	40
7.2.2 Model Specification	41
7.2.3 Hypotheses of the Logistic Regression Model.....	42
8. Recommendations.....	48
Annexes	54

List of Tables

Table 1: Matrix showing classes of all covariates	33
Table 2: Youth unemployment status and sex in overall project sites.....	34
Table 3: Factors to be self employed.....	35
Table 4: Youth participation on Technical & Vocational School and sex in overall project sites .	36
Table 5: Youth involvement on entrepreneurship training	36
Table 6: Youth employment status and sex in overall project sites	37
Table 7: Employed youth involvement in extra job	38
Table 8: Youth self-employment status and sex in overall project sites	39
Table 9: Factors to be self-employed in all sites	39
Table 10: Unemployment and Unfair competition	40
Table 11: Logistic Regression result for covariates of self-employment	44
Table 12: Marginal Effect for covariates of self-employment	47
Table 13 : STATA Generated outputs of Logit Result	54
Table 14: VIF for multicollinearity test	55
Table 15: YEE Indicators	58

List of Figures/Maps

Figure 1: Map of Melka Jebdu (Kebele 01), Dire Dawa	29
Figure 2: Map of Wereda 10, Addis Ketema Sub city, Addis Ababa.....	30
Figure 3: Map of Gedenser Rural Village, Dire Dawa	31

List of Acronym

CBMS	Community- Based Monitoring System
TaYa	Talent Youth Association
MSEs	Micro & Small Enterprises
UNICEF	United Nations Children’s Emergency Fund

MoWYCA Ministry of Women Youth, Children Affairs

BOYS Bureau of Youths

UNDP United Nations Development Programme

ICT Information & Communication Technology

VCT Voluntary Center of Testing

TVET Technical & Vocational Education Training

YEE Youth Employment & Entrepreneurship

FDRE Federal Democratic Republic of Ethiopia

1. INTRODUCTION

Almost 90 percent of the world's youth are residents in countries where they can hardly access adequate education, capital, paid employment and health services. As the sizes of the younger population in Africa steadily swell to account to being the single largest category among the age groups, the likelihood of having the majority of these youth absorbed within the formal economy becomes nearly non-existent (DSW, 2011).

Encouraging the integration of young people at work and improving their situation in the labor market are therefore two of the main priorities of the Ethiopian government (Talent Youth Association or TaYa, 2014).

This hard truth has strong reflection on the demographic and socioeconomic reality of Ethiopia. More than half of the population in Ethiopia are made up of young people under the age of 25 (DSW, 2011). It is also true that women constitute slightly more than half of the population of Ethiopia. A greater number of youth and women are vulnerable to conditions which deprive them from securing material well-being and they are mostly engaged in the informal sector to earn their living (Central Statistical Agency, 2008).

Governmental organizations, non-government organizations (NGOs) and civic associations in Ethiopia and other countries adopt and use various age ranges for the concept of "Youth" from the standpoint of the purpose which they stand for and the activities they undertake. For instance, the United Nations (UN) and the World Health Organization (WHO) define "youth" as persons between 15-24 years old and 10-24 years old, respectively. In the Ethiopian context, the Ethiopian Social Security and Development Policy define someone between the age ranges of 15-24 years old as youth (Ministry of Youth, Sports & Culture of Ethiopia, 2005).

Also in the context of Ethiopia, all persons aged 10 years old and over who are productively engaged or available to be engaged during the reference period are included as economically active persons. In other words, the economically active population comprises all persons aged 10 years old and over who are employed or unemployed in the reference period. The others or those who are neither engaged nor furnish their labor constitute the economically inactive population (Central Statistical Agency, 2005).

For the purpose of our study, the employed population in the current status approach consists of

those who were engaged in productive activity for four hours or more during the seven days prior to the date of the interview. Persons who had regular jobs or business or holdings to return to but were absent from work (i.e., not at work or worked less than four hours) for various reasons were also considered as employed persons (ibid).

The Central Statistical Agency (CSA) definition of unemployment includes an individual who satisfies the International Labour Organisation (ILO) standard definition and for Ethiopia, it has contextualized the incorporation of partially relaxed and completely relaxed options of measurements (ibid).

The standard definition of unemployment of ILO is based on the following three criteria that must be satisfied simultaneously: “without work”, “currently available for work” and “seeking work”. In addition to this, **under partial relaxation**, the definition of unemployment includes discouraged job seekers in addition to persons satisfying the standard definition. Discouraged job seekers are those who want a job but did not take any active step to search for work because they believe that they cannot find one. Under the **completely relaxed definition**, unemployment includes persons without work and those who are available for work, including those who were or were not seeking work. That is, the seeking work criterion is completely relaxed and unemployment is based on the “without work” and “availability” criteria only (ibid).

Today, of all the effects of the economic crisis, unemployment for young people is one of the most worrisome issues. More than half of the young people aged below 25 who want to work cannot find a job opportunity, and almost 35 percent of unemployed young people have been in this situation for over one year. Youth employment is a key issue in Ethiopia, as almost two-thirds of the population are younger than 25 years. Because of rapid population growth, the labor force is therefore expected to double in the next 25 years (ibid).

Currently, there are 31 public universities under the administration of the Ministry of Education of Ethiopia. This high number of universities has produced many graduates ready for work. Yet currently, the most accessible job opportunities involve farming. Eighty percent of Ethiopia’s overall labor force are engaged in subsistence farming. Therefore, more job opportunities are critically needed for university graduates (TaYa, 2013).

Ethiopia has one of the highest urban unemployment rates worldwide at 50 percent of the youth

labor force. According to a report by the Ministry of Labor and Social Affairs, 87 percent of all registered job seekers are between the ages of 15-29. Sixty eight percent (68%) of the employed youth (rural and urban) are unpaid family workers. Additional estimates of urban youth unemployment include the following: 6 percent -- 15-19 years old; 18 percent -- 20-24 years old; and 11 percent -- 15-24 years old (TaYa,2013).

The lack of employment opportunities for Ethiopian young people is among the critical development challenges faced by the country and represents a key barrier to national efforts toward the achievement of the Millennium Development Goals (TaYa,2013).

Thus, to accelerate the growth, security and sustainability of the Ethiopian economy, each sector needs to be supported by young entrepreneurs and employees. Additionally, the need to create more jobs which is consistent with and compatible to new graduates' expectations is very essential. Youth unemployment breeds disappointment, hopelessness, and despair. These conditions are more likely to result in the youth engaging in risky and destructive behavior. The consequences of youth's risky behavior affect their own health, their families, communities and the nation at large. In other words, they might be unproductive, feel a sense of hopelessness, and be at great risk for drug and alcohol addiction, delinquency and getting involved in crime. This may ultimately also lead to social unrest and civil disobedience (TaYa,2013).

Generally, supporting youth employment can help break the cycle of poverty. It is estimated that creating productive work for young people in sub-Saharan Africa could result in a potential GDP increase of 12-19 percent (TaYa ,2013).

Local governments are responsible in creating job opportunities for those youth not only in government offices but also in various NGOs and private organizations. Thus, it is our duty to utilize the opportunity; otherwise, it might become a time bomb in the future which can completely distract the social, political and economic stability of the country. Even though it is primarily the government's responsibility to address the issue of unemployment, the society should play their part in the efforts being taken by the government inasmuch as they will be the main victims of unemployment which ultimately results in poverty if they are apathetic to efforts being done. Meanwhile, the country's high officials need to work intensely on entrepreneurship and job creation for the targeted portion of the society (youth). And although it may not be sufficient enough, the Ethiopian government is working hard to open suitable areas for youth

entrepreneurship by crafting and implementing a sound policy to attract the youth in Small and Micro Enterprises (SMEs).

Finally, it is helpful to inquire on why the prevalence of unemployment is high in the country and in the selected CBMS project areas. Is it because the number of youth and job creation rate are not matched or mismatched or are there any other factors that influence the situation? How is government working on entrepreneurship and how are the youth benefiting from the policy direction? All these questions need to be investigated.

2. REVIEW OF RELATED LITERATURE AND FRAMEWORK OF ANALYSIS

1.1 Theoretical literature

1.1.1 Unemployment

Unemployment is the failure to obtain employment that earns wages or salaries while a person is actively seeking a job in the labor market. "It is one of the macro-economic problems which every responsible government is expected to monitor and regulate. The higher the unemployment rate in an economy is, the higher would be the poverty level and associated welfare deterioration" (Oladele et al., 2001, pp.251-252). For economists, the person to be referred to as employed or unemployed must satisfy conditions which states that a person should be in the working age as well as actively seeking a job. "A person is employed if he or she spent some of the previous week working at a paid job. A person is unemployed if he or she is not employed and has been looking for a job or is on temporary layoff. A person who fits into neither of the first two categories such as a full-time student or retiree is not in the labor force" (Mankiw, 2001, P.34).

"Unemployment refers to a situation where people who are willing and capable of working are unable to find suitable paid employment" (Fajana, as cited in Oladele et al., 2011, p.251).

For Maric, Jeraj and Pavlin (2010), unemployment is defined based on "statistics of the economically active population, employment, unemployment and underemployment, adopted by the Thirteenth International Conference of Labour Statisticians that took place in Geneva in 1982." (P.91). Accordingly "unemployed is defined as all persons above a specified age who during the reference period were "without work", but are "currently available for work" and are "seeking work", i.e., had taken specific steps in a specified reference period to seek paid employment or self-employment" (Maric et al., 2010, p.91).

Riley et al. (2010) also defined unemployment as “people able, available and willing to find work and actively seeking work – but not employed.”(p.1). In Mankiw (2001), “a person who wants a job but has given up looking—a *discouraged worker*—is counted as not being in the labor force.” (p.34). All conventional labor force analysis excludes this group from both employment and unemployment considerations. In this study, the economic definitions of both employment and unemployment are considered.

“The **labor force** is defined as the sum of the employed and unemployed, and the unemployment rate is defined as the percentage of the labor force that is unemployed.

That is,

Labor Force = Number of Employed + Number of Unemployed,

And Unemployment Rate =
$$\frac{\text{Unemployed Persons} \times 100}{\text{Labor Force}}$$

A related statistic is the **labor force participation rate**, which is the percentage of the adult population that are in the labor force:

$$\text{Labor Force Participation Rate} = \frac{\text{Labor Force}}{\text{Adult Population}} \times 100$$

The Bureau of Labor Statistics computes these statistics for the overall population and for groups within the population: men and women, whites and blacks, teenagers and prime-age workers” (Mankiw, 2001, p.34).

1.1.2. Types of Unemployment

Depending on the causes or sources of the unemployment and the duration of the unemployment, we can divide unemployment into different categories. Unemployment is normally categorized into five (Riley et al. 2010; Mankiw, 2001; Federal Reserve Bank of Atlanta, 2009), namely:

I. Seasonal Unemployment

Seasonal unemployment is the type of unemployment that arises from a decline in the economic activity in some seasons (particular time in a year) and in some sectors. Therefore, seasonal unemployment results from fluctuations in demand for labor in these sectors and/or seasons. It has the following special characteristics

“

- ✓ Regular seasonal changes in employment / labor demand
- ✓ Unemployment data are usually given a seasonal adjustment to reflect this
- ✓ Not a major concern for labor market economists
- ✓ Affects certain industries more than others (Riley et al., 2010, p.3).

H. Frictional Unemployment

Frictional unemployment is a type of unemployment usually caused by constant changes in the labor market. It occurs due to two reasons. The first reason is when employers are not aware of the available workers and their job qualifications. The second reason is when workers are not fully aware of the jobs being offered. The basic cause of frictional employment is thus lack of information flow among workers and employers called imperfect information. It also has the following characteristics:

“

- ✓ Irreducible minimum unemployment in a dynamic economy
- ✓ Often involves short spells of unemployment
- ✓ Includes new and returning entrants into the labor market
- ✓ Imperfect information about available jobs
- ✓ Lengthen the period of job search (ibid, p.4).

I. Structural Unemployment

Structural unemployment occurs due to the structural changes in the economy. These changes eliminate some jobs while they create some new jobs for people with new skill levels. The skill

sets take time to develop and hence some people lose their job simply because they do not have the new required skill(s). This problem arises from mismatch between the types of jobs that are available and type of job seekers. Such mismatch may be related to skill, education level, geographical area, age, etc.

“

- ✓ Mismatch of skills as pattern of labor demand in the economy changes over time
- ✓ Involuntary unemployment
- ✓ Factor immobility of labor is a major cause
- ✓ Often involves long-term unemployment
- ✓ Prevalent in regions where industries go into long-term decline and have been major sources of employment
- ✓ Labor market disincentives ” (ibid, P.5).

J. Cyclical (Keynesian) Unemployment

Cyclical unemployment (also known as **demand deficient unemployment**) occurs due to general downturn in the business activities including production and demand for the products and services. During recessionary business conditions, only few goods are produced and for such low production, only few employment opportunities would be available. Employers are therefore, obliged to lay-off workers and cut back employment.

“

- ✓ There is a clear cyclical relationship between demand, output, employment and unemployment
- ✓ Caused by a fall in aggregate demand relative to potential GDP leading to a loss of real national output and employment
- ✓ If national output grows less than potential output, then a slowdown in demand is nearly always enough to create some more cyclical unemployment” (ibid, P.5).

U. Real Wage Unemployment

“It is created when real wages are maintained above their market clearing level leading to an excess supply of labor at the prevailing wage rate. Possible causes of real wage unemployment are:

- ✓ Trade unions using their collective bargaining power to drive wages above their free market level
- ✓ Successive rises in the national minimum wage
- ✓ Globalization is driving down real wages in some industries e.g. textiles” (ibid, P.7).

1.1.3. Consequences of Unemployment

Unemployment has negative consequences on the various fates of life at the individual, local, regional and national levels.

“

I. Private Costs for the Involuntary Unemployed

- ✓ Loss of income – but many people have major commitments (mortgage, credit agreements)
- ✓ Fall in real living standards
- ✓ Unemployment in their 20s has a huge effect on living standards for people in their 50s
- ✓ Increased health and social risks (particularly for long- term unemployed)
 - Stress / reduction in quality of diet
 - Increased risk of marital break-up
 - Social exclusion

(McClelland and Macdonald, 2009; Riley et al., 2010; Machin and Manning, 1998)

- ✓ Loss of marketable skills (human capital)
 - The longer the duration of unemployment, the lower the chances of finding fresh employment
 - Particular problem facing the youth unemployed – the ‘lost generation’ ”

(Riley et al, 2010, P.9).

“II. Economic Consequences for Businesses

- ✓ Negative consequences
 - Fall in demand for goods and services
 - Fall in demand for businesses further down the supply chain
- ✓ Consider the negative multiplier effects from the closure of a major employer in a town or city.”(ibid, P.10).

“ III. Consequences for the Government

- ✓ Drop in employment hits trend growth - hysteresis
- ✓ Increased spending on unemployment benefits and other income –related state welfare payments
- ✓ Fall in revenue from income tax and taxes on consumer spending
- ✓ Fall in profits – reduction in revenue from corporation tax.
- ✓ Rise in government borrowing” (Riley et al.,2010,p.11)

Generally speaking, unemployment has the following “consequences for the economy as a whole:

- ✓ Lost output (real GDP) from people being out of work – the economy will be operating well within its production frontier
- ✓ Unemployment seen as an inefficient way of allocating resources – labor market failure?
- ✓ Some of the long-term unemployed may leave the labor force permanently – fall in potential GDP (hysteresis effects)
- ✓ Increase in income inequality – rise in relative poverty” (ibid,p.12)

In spite of the fact that unemployment has the above effects on the national economy, youth unemployment in particular has the following specific individual as well as collective effects on the nation’s economy:

“

- ✓ The immediate effect of rural youth unemployment is starvation of the youth and their family;
- ✓ In rural areas, a young person who does not have land cannot establish a family. Similarly, an unemployed young person in urban centers cannot do the same. This will inevitably be a source of very serious social problems in the foreseeable future;
- ✓ It seriously affects the country’s economy;
- ✓ It makes the youth vulnerable to substance abuse;
- ✓ It makes the youth hopeless in education. If the educated cannot get a job, the children of today could not imagine a future worth suffering in the educational world. This in the long term affects the future of our continent.

- ✓ Unemployed youth can easily be manipulated for any cause of which one could be armed groups rebelling against governments. This will take our continent to the vicious circle of civil war and instability.” (Wubie, 2012,pp.2-3)

Unemployed youth can easily be manipulated for any cause, one of which could be armed groups rebelling against governments. This will take our continent to the vicious circle of civil war and instability. In contrast to the above, unemployment have some positive consequences like:

“

- Bigger pool of surplus labor is available – but still a problem if there is plenty of structural unemployment
- Less pressure to pay higher wages
- Less risk of industrial / strike action – fear of job losses – leading to reduced labor union power” (Riley et al.,2010,p.11)

1.1.3 Entrepreneurship

Entrepreneurship is defined differently by different scholars. According to Hisrich et al. (2005), “In almost all of the definitions of entrepreneurship, there is an agreement that we are talking about a kind of behavior that includes: (1) initiative taking, (2) the organizing and reorganizing of social and economic mechanisms to turn resources and situations to practical account, (3) the acceptance of risk or failure.”(P.1). The scholars also mentioned that

“To an economist, an entrepreneur is one who brings resources, labor, materials, and other assets into combinations that make their value greater than before, and also one who introduces changes, innovations, and a new order. To a psychologist, such a person is typically driven by certain forces such as the need to obtain or attain something, to experiment, to accomplish, or perhaps to escape the authority of others. To one businessman, an entrepreneur appears as a threat, an aggressive competitor, whereas to another businessman, the same entrepreneur may be an ally, a source of supply, a customer, or someone who creates wealth for others as well as finds better ways to utilize resources, reduce waste, and produce jobs that others are glad to get.

Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitment or provide value for some product or service. The product or service may or may not be new or unique, but value must somehow be infused by the entrepreneur by receiving and locating the necessary skills and resources.”(P.1)

Based on the University of Illinois (2010) definition, “the word entrepreneurship literally means, “to take or carry between” in the sense of an economic transaction; to be a market-maker. It does not literally convey the notion of innovation that we commonly associate with the term.”(p.1).

Jones (2012) also defined entrepreneur as “a person who conceives or receives ideas and turns them into business realities” (P.1). Gutterman (2012), by borrowing the idea of Joseph Schumpeter (1883 – 1950), one of the most well-known theorists on entrepreneurship, defined an entrepreneur as one who reorganizes economic activity in an innovative and valuable way. That is, an entrepreneur is one who engages in a new economic activity that was previously unknown and he is also a risk taker because being innovative means there are few rules or history for guidance.

Plehn-Dujowich (2011) has presented different entrepreneurship theories, which explain intrinsic characteristics of entrepreneurs, using the entrepreneurship model of different scholars as follows: “In Khilstrom and Laffont (1979), individuals are heterogeneous in their risk preferences and choose between two occupations: entrepreneur or wage worker. In equilibrium, less risk-averse individuals become entrepreneurs. For Lazear (2005), individuals are endowed with two skills and choose between two occupations: a specialist who earns an income proportional to his maximum skill or an entrepreneur who earns an income proportional to his minimum skill. In equilibrium, individuals who do not excel in any one skill but are competent in both (“jack-of-all-trades”) become entrepreneurs. For Evans and Jovanovic (1989), individuals are heterogeneous in their entrepreneurial ability and initial wealth, and choose between two occupations: entrepreneur or wage worker. In equilibrium, wealthy high-ability individuals

become entrepreneurs. For Jovanovic (1994), as it is cited in Plehn-Dujowich (2011), individuals are heterogeneous in their managerial and labor skills, and choose between two occupations: a manager whose output depends on managerial skill, or a wage worker whose income depends on labor skill. In equilibrium, the sorting of individuals across occupations depends on the correlation between managerial and labor skills. For Lucas (1978), individuals are heterogeneous in their managerial ability and choose between two occupations, manager or wage worker (employed by a manager). In equilibrium, high-ability individuals become managers; and higher ability individuals operate firms with a larger workforce” (P.10).

1.1.5 Youth Unemployment and Entrepreneurship

According to the ILO, 2007 as cited in Awogbenle and Iwuamadi (2010), “the increase in the number of youth in secondary and tertiary education is a positive development; however, labor markets in many countries are presently unable to accommodate the expanding pool of the skilled young graduates. It is estimated that about 400 million new jobs would be needed to absorb today’s youth” (p.1).

Nowadays, the role of the government sector and hiring institutions are not able to absorb the largest labor supply i.e. youth. Entrepreneurship is considered as the way out to reduce unemployment due to different benefits it has been endowed with. According to Oladele, Akeke, and Oladunjoye (2011), “the process of entrepreneurship activity reducing unemployment situation in the economy is termed “Schumpeter effect”.”(P.253)

“Almost all jobs are created by start-ups and small and medium-sized companies. In contrast, the very large companies tend to decrease jobs by acquiring competitors and then cutting duplication” (Jones, 2012,P.7). Maric, Jeraj and Pavlin (2010), in their empirical investigation of 37 countries all over the world, pointed out that “the unemployed have a propensity to possess lower endowments of human capital and entrepreneurial talent required to start and maintain a new firm, suggesting that high unemployment is associated with a low degree of entrepreneurial activities”(P.91). The econometrics result showed that a percentage change in growth of the number of entrepreneurs has an effect of reducing unemployment rate by 0.029 percent.

Oladele, Akeke, and Oladunjoye (2011), in their empirical investigation of the Nigerian economy, found that “high rate of unemployment has been associated with low level of entrepreneurial development in any economy”(p.254). This justifies the need to increase entrepreneurial activities to reduce the high rate of unemployment.

Awogbenle and Iwuamadi (2010) also mentioned that the importance of youth entrepreneurship to reduce unemployment, together with others, are seen in the following returns to entrepreneurship development, viz:

- “1. Creating employment opportunities for self-employed youth as well as the other young people they employ.
2. Bringing alienated and marginalized youths back into the economic mainstream and giving them a sense of meaning and belonging.
3. Helping to address some of the socio-psychological problems and delinquency that arise from joblessness.
4. Helping youths develop new skills and experiences that can then be applied to other challenges in life.
5. Promoting innovation and resilience in youth.
6. Promoting the revitalization of the local communities by providing valuable goods and services.
7. Capitalizing on the fact that young entrepreneurs may be particularly responsive to new economic opportunities and trends.”

It is becoming an agreement that one of the panaceas for unemployment reduction is the incubation of an entrepreneur. In his comparative analysis, Jones (2012) explained that

“Countries which have larger entrepreneurship growth has lower unemployment rate than those which have lower entrepreneurship growth. As per his argument, Malaysia and Singapore has an unemployment rate of around three percent due to the fact that more than six out of ten young workers are trapped in low-skill, low-productivity occupations in the informal economy. However, in countries where entrepreneurship penetration is low, their unemployment rate is very high, even for the developed world,

as compared to the former. In contrast to the above, Britain's young jobless rate is 16.0 percent, and even far worse are the rates in many of the Euro Zone countries. For example, in Italy and Portugal, the figure is 20.5 percent, Ireland 30.2 percent Greece 40.2 percent, and Spain, the youth unemployment is 52.9 percent."

Roed and Skogstrom (2013) also figure out that "a number of empirical studies have established that unemployed individuals have a higher probability of starting up their own business than employed workers"(P.3).

2.2. Empirical Literature

2.2.1. Entrepreneurship and Youth Unemployment in Ethiopia

Ethiopian economy is predominately traditional agriculture which is highly dependent on the windfall and disadvantages of nature. The sector takes the majority of the work force and the lion share in the GDP of the nation, contributing 90 percent of export earnings and providing 70 percent of input requirement for large and medium scale agro industries (Tesfay, 2008).

Despite the fact that agriculture has a larger share in the national economic activity, its contribution is not commensurate with expectations. This is due to the fact that the sector is still in its lowest stage of development because of different factors. Weak market, fragile capacity to implement, unaddressed gender issue, underdeveloped irrigation schemes, and shortage of improved agricultural inputs are some of the reasons considered by Awulachew, Erkossa, and Namara (2010) as factors for less development of Ethiopia's agriculture. Hagos et al. (2006) also indicated that though the majority of the working force are engaged in agriculture, increasing food insecurity and hunger have been the rule rather than the exception for many years. For Brixiova and Asaminew (2010), " Ethiopia is one of the poorest countries in the world, with:

(i) a large and dualistic informal sector; (ii) high and almost constant share of agriculture in output; (iii) pervasive labor market frictions, including imperfect information; and (iv) a rigid business environment" (P.6).

This poor performance of the agricultural sector, together with other problems mentioned above, leads to rural-urban migration and consequently to urban youth unemployment. According to

Broussar and Tekleselassie (2012), youth employment presents a particular challenge to Ethiopia; the country faces growing youth landlessness in rural areas and insignificant rural job creation, potentially leading to an increase in migration to urban areas.

As Wubie (2012) pointed out, the major reasons for youth unemployment in Ethiopia are:

“

- Absence of land justice. The way one accesses rural land is not fair and logical. Moreover, there are countless problems related to accessing land even from one's family and to getting rural land possession certificates. The most important resource, i.e., land, is left for the corrupt practices of local officials. In the absence of land justice, we cannot imagine the rural youth to be [self] employed;
- Legal and policy problems as well as perceptions thereof preventing the rural youth population from effectively engaging in activities other than agriculture;
- Misguided educational policy. The educational policy focuses on quantity and merely relies on quantitative truth. Though tens of thousands are supposed to have graduated, they cannot access jobs nor can they claim to have acquired basic skills and knowledge;
- Capital intensive technologies. Most employers are using capital intensive technologies these days which significantly diminish the potential to create more employment opportunities;
- Nepotism and corruption. The widespread nepotism and corruption paves the way for unemployment. This has a lot to do with almost all issues ranging from accessing rural land to getting employed in public institutions. Ethnic and political bias by public and private employers upon recruitment cannot be underestimated;
- Lack of a culture of work ethic and job creation in the respective societies;
- Lack of knowledge and skill to perform jobs. The regrettable educational quality problem takes a lion's share of the problem in this regard.”(P.2)

Though unemployment is the problem for the country's economy as a whole, the youth and urban unemployment is worse than the country's unemployment average. Broussar and Tekleselassie (2012), in their investigation of youth unemployment in Ethiopia, mentioned that the youth unemployment rate was higher at 8 percent for the youth aged 15-24 years and 7 percent for the youth aged 15-29 years than the national average, which is 6 percent. When we

look at rural and urban areas separately, we notice drastic differences when comparing youth across rural and urban areas as well as comparing youth to adults. The first noticeable difference is the share of rural youth participating in the labor market compared to the share of urban youth. In 2005, 84 percent of rural youth between the ages of 15 and 24 participated in some form of economic activity compared to only 57 percent of urban youth.(p.12).

Addis Ababa and Dire Dawa are not exceptions as far as urban youth unemployment is concerned. According to Bizuneh et al. (2001), Addis Ababa and Dire Dawa have two of the four worst urban unemployment rates in the country, with unemployment rates of 10.5 percent and 11.5 percent, respectively. The investigation of Broussar and Tekleselassie (2012) reinforce this by indicating that, “in 2005, Gambella (45 percent), Addis Ababa (51 percent), and Dire Dawa (61 percent) had the lowest employment-to-population ratios and the highest unemployment rates at 18 percent, 26 percent, and 29 percent for Dire Dawa, Gambella, and Addis Ababa, respectively. The low employment rates and high unemployment rates for Addis Ababa and Dire Dawa are not surprising given that both are chartered cities with over 60 percent of their respective population living in urban areas” (p.14).

To mitigate this problem, incubation of entrepreneurship has an irreplaceable role, particularly for Ethiopia, the place where formal sector has very limited capacity to absorb the excess labor supply. The informal sector contributes positively for the operation of the formal sector in terms of availing opportunities from forward and backward linkages and thereby contributing toward the development of the overall economy in terms of employment, output and other areas.

According to the Commission on Legal Empowerment of the Poor (2006) issue paper, the major “informal sector economic activities in Ethiopia include: sale of perishable and nonperishable food items in the open market; residence-based eating or drinking places where indigenous food and / or beverages such as “*injera*”, “*tella*”, “*tej*”, “*katikala*” are retailed in fresh form; home-based workshops of traditional artisans in weaving, shoe making and repairing, tailoring, hair dressing (both men and women), carpet making, pottery, basketry, embroidery; other activities such as wood carrying; sale of used and unused clothes in identified places in towns; small maintenance and repair shops for electronics; and shoe shining”(p.5).

The sector becomes the focus point of the government to reduce urban unemployment. As per

Broussar and Tekleselassie (2012), “in Ethiopia, MSEs comprise 99 percent of all enterprises, with over 60 percent of private employment, and about 30 percent of exports. Because of the important role MSEs play in the economy, the Ethiopian government has identified MSEs as key sectors of the economy in its pro-poor economic growth strategy” (p.32).

Although it is a common understanding that entrepreneurship development has a vital role in combating unemployment, it nonetheless has a lot of bottlenecks in both the selected sites. The Commission on Legal Empowerment of the Poor (2006) issue paper has found the following constraints for the start-up and expansion of small scale enterprises.

“

- **Lack of clear and pragmatic national policy to enhance the development of MSEs**
- **Lack of access to capital and credit** – Lack of adequate investment capital, lack of sufficient loan and inefficient financial market in terms of facilitating financial resources to entrepreneurs are the major obstacles in doing business, particularly in the informal sector.
- **Lack of premise and land-** Most operators do not get access to suitable locations where they can get easy access to markets.
- **Lack of entrepreneurial, managerial and other skills** – There is a general lack of knowledge in entrepreneurial and managerial capacity and marketing experience.
- **Lack of sufficient marketing and promotional support** – There are no sufficient institutional facilities that nurture the promotion, growth and development of MSEs
- **Lack of skilled workforce** - The most common form of acquiring skills in the MSEs sector is through apprenticeships. Though the formal education system prepares students for paid employment, there are very few vocational institutions that cater for the development of skills.
- **Socio-cultural constraints** - The following socio-cultural problems are considered affecting the development of MSEs in Ethiopia: lack of enterprise culture in the country, which requires a drastic change; considerable lack of positive attitude in the country; and excessive corruption, which actually constrain private enterprise.
- **Arbitrary and subjective tax system** - Most MSEs, particularly the small scale

operators, are subject to subjective tax system as most of them do not have a proper accounting system.

- **Lack of formal or informal linkages or business cooperation amongst themselves”(P.16-18)**

2.3 Literature on programs of youth employment & entrepreneurship

The Government of Ethiopia (GoE) recently released a revised youth policy in 2004. The objectives of the cross sectoral youth policy include respecting diversity, increasing rights, and supporting democracy in addition to capacity building. The policy outlines ways to support the health, judicial, education, and economic well-being of the youth and names the Ministry of Youth, Sports and Culture as primary coordinator for the implementation of the policy. Nonetheless, much of the responsibility is placed on family, civil society, and the youth themselves (Evaluation of the UNICEF/MOWCYA adolescent/youth development programme in Ethiopia (2007-2011), 2012)

While the Ethiopian government is clearly aware of the need to engage its large youth cohort in productive activities and is starting to formulate specific policies and programs, there is very little in terms of explicit support for youth programs. Aside from the very limited influence (and budget) of the Ministry of Women, Children and Youth Affairs (MOWCYA) and the regional bureaus, the State has limited offerings for young people, particularly out-of-school youth (ibid).

The MoWYCA / UNICEF Youth Adolescent Development Programme was part of the UNICEF's wider Adolescent Development, Protection and HIV/AIDS program which focuses on the participation of adolescents, provision of HIV/AIDS care and progress toward a child-friendly justice system. The Youth Adolescent Development as part of this wider program had the aim of increasing the capacity of at least one million vulnerable children and adolescents in terms of life and livelihood skills so that they can participate effectively in the decision-making activities and livelihoods in their communities, including in emergencies. Toward this aim, the program had strategies and activities grouped under four clusters, namely: (1) Youth participation and capacity building, (2) Youth and economic strength / livelihood opportunities, (3) Youth center and service delivery, (4) Policy and Strategy Development. Under these clusters, the evaluation

assesses five main activities:

1. Youth participation in volunteer activities
2. Youth participation in capacity building trainings
3. Youth participation in media activities
4. The provision of training / startup capital to help the youth improve their livelihoods
5. Youth centered activities and service delivery.(ibid)

Youth internship / volunteer program organized under the regional BOYS: This was a program in which university students interned, or did volunteer activities in their communities during the summer holidays. The regional BOYS covered allowances (transportation and pocket money) and the university students would participate in supporting students in their regions in tutorial classes. Information shows that over 167,900 university students participated in the volunteer program, the overwhelming majority, over 160,500 being in SNNPR. Under the internship program, 358 university students participated though again there were big differences between the regions. In terms of targets, all regions reached their targets in terms of the numbers of interns participating while in terms of volunteers, the regions reached from 50 percent to 100 percent of their targets (ibid).

Youth participation in capacity building training: The capacity building training program was a program organized by the MoWYCA and implemented by the regional BOYS. Under this program, the youth were given training in life skills, youth dialogue, leadership and management, planning and supervision, and conflict management or resolution among other things. The training was organized using a cascade model in which the first training of trainers or facilitators was carried out at federal and regional levels, and then these trainers or facilitators would carry out training of youth at the *woreda* levels, who would then in turn carry out more training of youth at the *kebele* levels. Under this scheme as a whole, 378,152 youths were trained, the majority being in Oromia region. In terms of accomplishment levels, all regions performed within 97 percent of their plan, the exception being Afar which only achieved 47 percent.. The reason given for the lack of performance in relation to the plan was the lack of budget (ibid).

The provision of training / startup capital to help the youth improve their livelihoods:

Provision of training

Under this scheme, the youth were given training in a number of areas aimed at improving their ability to earn a livelihood for themselves. The trainings covered areas such as entrepreneurship, marketing, vocational, apprenticeship and consultation skills. Nationally, 9,096 youths were trained under the scheme. Among the sampled youth who had received the training, a good number (126 out of 334) said the training had enabled them to get a job while 133 out of 334 said it had enabled them to start their own business. The cost of the trainings ranged in unit cost per head from 0.6 USD to 362.86 USD across regions and in terms of type of training course given. There was also a reduction in cost per unit head over time (ibid).

Provision of startup capital

Under this scheme, 13,381 youths received money as startup capital to start their own business. Of these, 87 percent of those who had started their own business were running it successfully. A higher proportion of girls were successful in running their business than boys. Among those whose businesses had been unsuccessful, the major reasons given were the high price of inputs and a lack of market for their products. Of those who took credit and started their own business, 78 percent said their lives had changed for the better as a result of their starting a small business. In terms of provision of startup capital, the cost per head for the financial support ranged from 47.62 USD to 238.53 USD. In most regions, the cost per head of the financial support showed no or a small increase over time. This can be related to the rising cost of inputs across the country during this time period. Both in terms of training and provision of capital, the number of male beneficiaries were more than twice that of female beneficiaries (ibid).

It is estimated that there are currently more than 700 youth centers run by the government, with UNICEF providing financial support through MOWCYA. These youth centers provide several services including recreation facilities (indoor and outdoor games), library services, ICT, VCT and RH services (ibid).

The UNDP-funded entrepreneurship development program in Ethiopia has the overall objective of bringing about a transformational change in unleashing the growth potential of micro and small enterprises by 2015 through entrepreneurial skills training and provision of a comprehensive range of business advisory services (Entrepreneurship Development Programme, 2012).

The objectives of the National Employment Policy and Strategy of Ethiopia have three important dimensions: enhancing social welfare, accelerating economic growth, and achieving political stability.

Social welfare: The ultimate impact of growth on poverty is determined by the quantity and quality of employment opportunities created. Making growth pro-poor and shared could be assisted through employment policies that address the demand, supply, and institutional dimensions of the labor market. Accordingly, the primary objective of the National Employment

Policy and Strategy of Ethiopia is to provide guidelines for streamlining productive employment and decent working conditions in the country and thereby promote social welfare and equity through poverty reduction.

Economic growth: In addition to the social objective of welfare promotion through poverty reduction, the policy has an economic objective of accelerating and sustaining growth and development through proper utilization of the country's labor force in a productive manner as the most important resource of the country.

Political stability: A mass of unemployed population, especially when such incidence is high among the educated and the youth, becomes a potential source of political and civil unrest. Employment policies and strategies contribute toward reducing and avoiding such threats by addressing both the supply and demand side of the labor market toward the creation of productive employment (**National Employment Policy and Strategy of Ethiopia, 2009**).

Technical and Vocational Education and Training (TVET) in Ethiopia seeks to create competent and self-reliant citizens to contribute to the economic and social development of the country, thus improving the livelihoods of all Ethiopians and sustainably reducing poverty (Technical Vocational Education and Training in Ethiopia Mapping, 2009).

It was with this vision that measures were taken to expand the formal and non-formal TVET program across regions and Woredas. Formal TVET has been provided mainly to secondary school leavers.

Working people have also been benefiting from the program through evening classes and distance learning. Non-formal TVET has been offering training to a wide range of groups (ibid).

3. STATEMENT OF THE PROBLEM

Youth unemployment is a critical problem in the area where this project is proposed to be implemented. As figures indicate, the unemployment rate is highest in these two areas than in other places in the country. The youth are the most productive age groups of a given community and a problem particularly directed toward the youth will have a general community problem and will have a general effect on the society. Theories indicate that a high rate of unemployment leads to involvement of the youth in criminal activities.

4. OBJECTIVE OF THE STUDY

4.1. General Objective

- ✓ To assess the issues related to youth unemployment and entrepreneurship in Addis Ababa and Dire Dawa
- ✓ To prepare a paper on the analysis of CBMS data to answer the pilot research objectives on the issues of youth employment, which is entirely based on the definitions of labor force, employment and unemployment in Ethiopia, and entrepreneurship.

4.2. Specific objectives

- ✓ To determine unemployment rates for male and female youth in the selected Kebele/Sub city
- ✓ To determine the magnitude /proportion of the unemployed across population subgroups (by age group, by sex, by urbanity)
- ✓ To identify major bottlenecks for the female youth and male youth to start up a business in the selected two areas
- ✓ To identify alternative means of finance to start up a new business for the youth
- ✓ To verify and show how individual, household and community level factors affect the propensity of the youth in creating their own business/or to be self-employed
- ✓ To determine what types of skill development training have to be provided to female youth and male youth for them to be able to start their business.

5.SCOPE OF THE STUDY

As stated in the main project proposal, the study will be conducted mainly in Addis Ababa and Dire Dawa area. The pilot study focuses on youth employment and entrepreneurship. The total frame of the study is delimited to youth in Wereda 10 of Addis Ketema which is located in Addis Ababa, the capital city of Ethiopia. The other area where the study focuses on is located in the eastern part of Ethiopia which is around 525 KM from Addis Ababa -- Dire Dawa. Dire Dawa has around nine urban administrations and more than 10 rural administrations. For purpose of inclusiveness, this YEE study has focused on Gedenser and Kebele 01.

6. METHODOLOGY

6.1 Data collection instruments

For the purpose of the study, the project made a separate questionnaire labeled as YEE. However, it does not mean that it will not use data collected from the Household Profile Questionnaire (HPQ) and Community Profile Interview Questionnaire (CPIQ).

There are important questions related to YEE that are included in the HPQ as well as in the CPIQ. Hence, all three questionnaires will be considered for this pilot study.

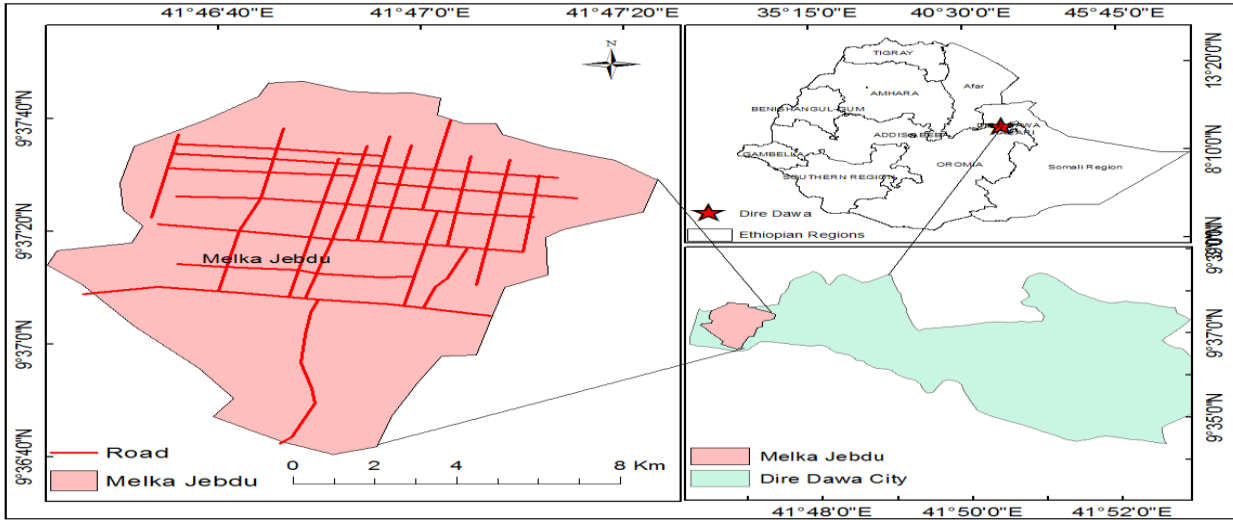
The data collection instrument comprises entirely open-ended questions to ease problems of gadget-based data collection.

6.2 Data Collection approach

The main target of this research is to identify the trend and situation related to youth employment and entrepreneurship. The enumerators were ordered initially to collect data using the HPQ. This is done intentionally to identify the potential interviewee for the YEE. Then the YEE will be delivered to the targets for response.

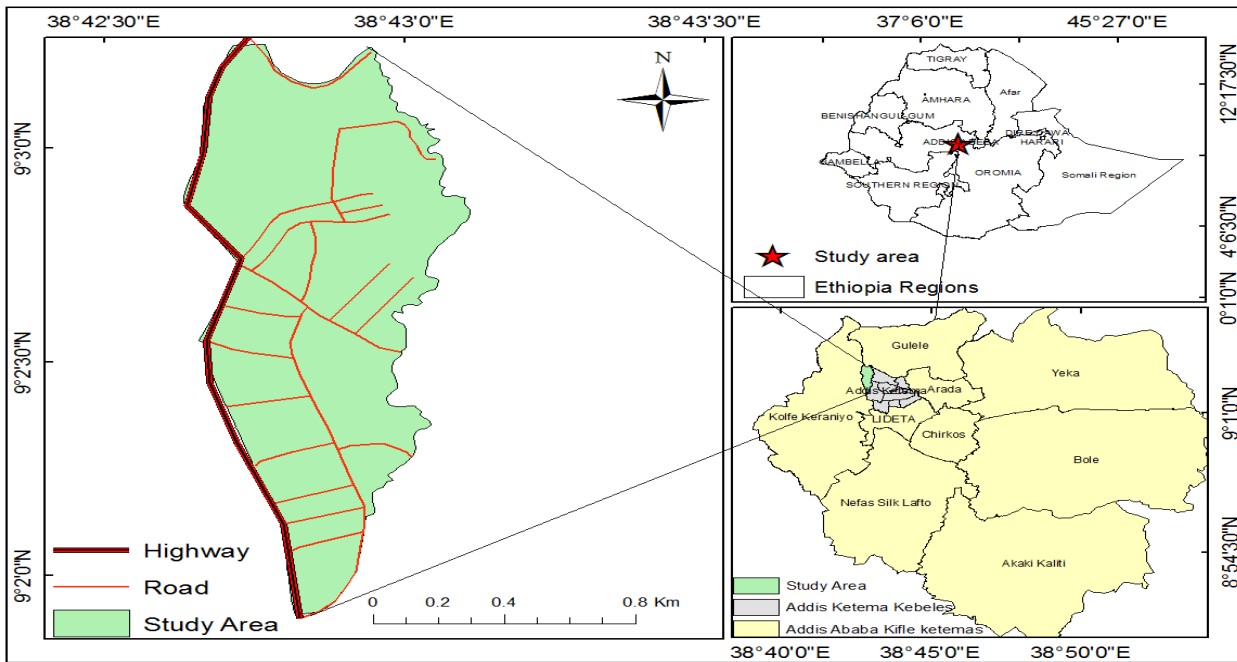
Furthermore, like the HPQ, the YEE questionnaires have been collected using digital instrument.

Figure 1: Map of Melka Jebdu(Kebele 01),Dire Dawa



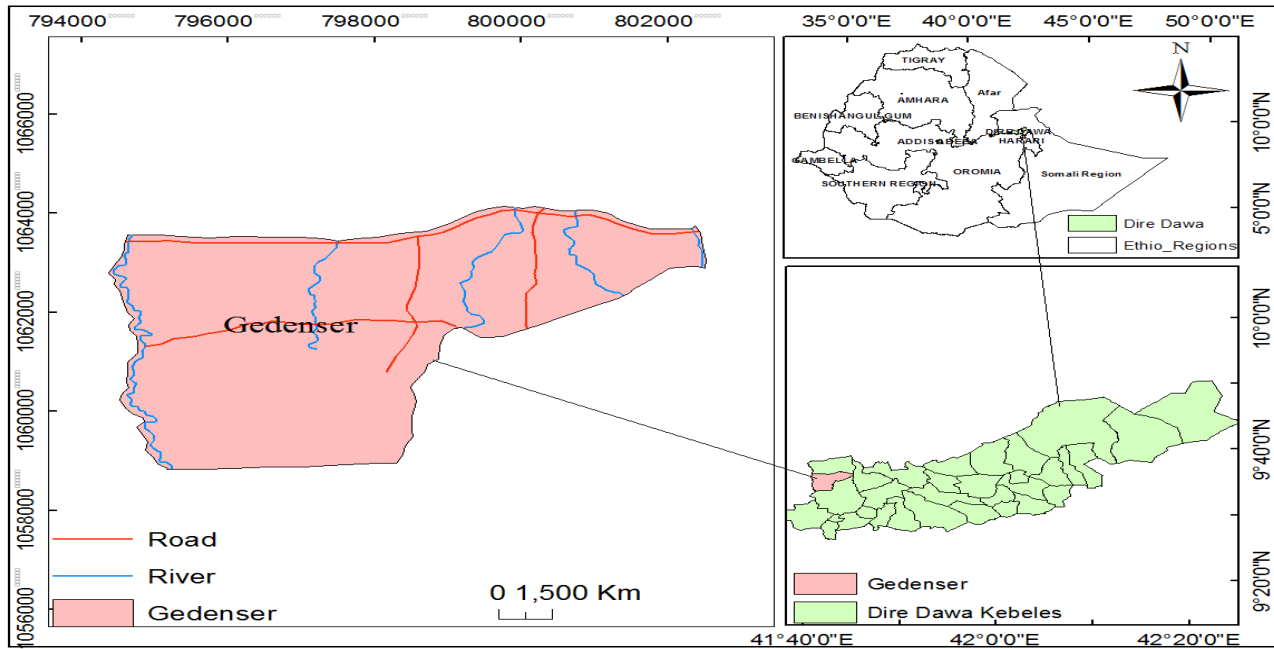
Source: Extracted using arc GIS,2015

Figure 2: Map of Wereda 10, Addis Ketema Sub city,Addis Ababa



Source: Extracted using arc GIS,2015

Figure 3: Map of Gedenser Rural Village, Dire Dawa



Source: Extracted using arc GIS,2015

6.3 Data Processing

Both descriptive and inferential statistics have been used, with frequency distribution tables showing indicators' corresponding percentages..

In addition to these descriptive methods of data analysis, the advanced econometrics technique of binary choice model (logit or probit) has been used. This binary choice model provides the opportunity to identify the probability of participation on the subject of the study, which is the probability of the youth creating their own business. The dependent variable (probability being entrepreneur) regresses up against the observable individual, household and community level characteristics.

Logit/probit model is a model for binary response where the response probability is the logit function or standard normal cumulative function evaluated at a linear function of the explanatory variable (Wooldridge, 2000).

In the logit model, the probability of participation can be defined as $P_i = \frac{e^z}{1+e^z}$ where Z_i = which is an

estimated value of being an entrepreneur for the observed individual, household and community characteristics. Whereas for the probit model estimation

$$P_i = p(y = 1|x) = p(z_i \leq \beta x) = F(\beta x)$$

In most applications, logit and probit models are quite similar, the main difference being that the logistic distribution has slightly flatter tail. That is to say, the conditional probability P_i approaches zero or one at a slower rate in logit than in probit. Therefore, there is no compelling reason to choose one over the other. In practice, many researchers choose the logit model because of its comparative mathematical simplicity (Gujarati, 2004). In this research, the logit model has been used for the estimation of the probability of creating own business or not based on observable individual, household and community level characteristics.

Based on the above consideration, the study has used the following Multivariate linear regression model.

$$\log\left(\frac{p_i}{1-p_i}\right) = \alpha + \beta I + \theta H + \delta C + e$$

Where,

α - Vector of Coefficient of independent variation

β – Vector Coefficient of variables, which indicate individual characteristics

θ – Vector Coefficient of variables, which indicate household characteristics

δ – Vector Coefficient of variables, which indicate community level characteristics

Y - Whether the individual is self employed or not i.e. 1= self employed 0= not self employed

P_i = probability of $Y=1$

I - Vector variables, which indicate individual characteristics

H -Vector variables, which indicates household characteristics C -Vector variables, which indicates community characteristics

e - Error term

Table 1 shows grouping as variables to individual, household and community characteristics:

Table 1: Matrix showing classes of all covariates

No	Individual Characteristics	Household Characteristics	Community Characteristics
1	Age of the youth	Television ownership of the youth's family	'Equib' membership of the youth
2	Sex of the youth	Radio ownership of the youth's family	Cooperative membership of the youth
3	Educational status of the youth	Total asset value of the youth's family	Telecommunication access of the youth
4	Technical or vocational training received	Family size of the youth's family	Newspaper access for the youth
5	Entrepreneurship training received		

As a complimentary for this analysis, the multicollinearity test based on Variance Inflation Factor (VIF), correction method for heteroscedasticity problem and specification tests has been done. According to Gujarati (2004), VIF shows how the variance of an estimator is inflated by the presence of multicollinearity. It is defined as $VIF_j = \frac{1}{1-R_j^2}$ where R_j^2 is the coefficient of determination that is obtained when the continuous explanatory variable is regressed against all the other explanatory variables. When VIF increases with R_j^2 , collinearity will increase. According to Gujarati, as a rule of thumb, if the VIF of a variable exceeds 10, which will happen if R_j^2 exceeds 0.90, those variables are said to be highly collinear.

7. RESEARCH OUTPUTS AND PRESENTATIONS

The data have been collected from a total of 3,591 from both Dire Dawa and Addis Ababa. Numerically, the number of youth in Wereda 10, Melka Jebdu and Gedenser are 2,048; 1,484; and 59, respectively.

The following section presents the Descriptive Research and Model Output Analysis. Next to it shows the Logistic Regression Analysis utilized.

7.1 Descriptive Research Outputs

In this section, tabular analysis and relative frequency measures are used to investigate the youth condition related to various factors mentioned earlier.

Table 2: Youth unemployment status and sex in overall project sites

Site	Unemployed		Sex			
			Male		Female	
	Magnitude	Proportion	Magnitude	Proportion	Magnitude	Proportion
Wereda 10	206	10.06	102	49.51	104	50.49
Gedenser	12	20.34	7	58.33	5	41.67
Kebele 01	191	12.87	122	63.87	69	36.13
Total	409	11.39	231	56.48	178	43.52

Source: CBMS-Ethiopia Census, 2015

Table 2 depicts the distribution of unemployment youth in the overall project sites. The enumeration found that in the overall project sites, there are 3,591 youth (Youth is defined as aged 15-24 years according to the FDRE Ministry of Youth and Sport). From the total youth, 11.39 percent are unemployed while 88.61 percent are employed/or not actively searching for job. Not unemployed includes employed youth and youths who are not ready to work or not actively searching job..

The prevalence of unemployment in Wereda 10 of Addis Ketema project sites is 10.06 percent and conversely, 89.94 percent stands for youth who are employed or youth who are not ready to work or not actively searching for jobs.

A large proportion of unemployed youth in Melka Jebdu area of Dire Dawa is observable at 12.87 percent while in Gedenser, the unemployment rate is quite high at 20.34 percent.

In terms of the distribution of unemployment sex-wise, the same table shows that out of the 409 unemployed youth, 56.48 percent are male and 43.52 percent are female.

The unemployment rate in 16 major Ethiopian towns stands at 20.7 percent, split between males and females at 13.8 percent and 28.0 percent, respectively.

Hypothesis: The level of female youth unemployment exceeds male youth unemployment

The total census survey and table above indicate that in the overall project sites, the level of unemployment is higher for males than females. Hence, the proposed initial hypothesis that unemployment is high for females than males is completely false.

Table 3: Factors to be self-employed

Site →	Wereda 10		Gedenser		Kebele 01		Total	
	Magnitude	Proportion	Magnitude	Proportion	Magnitude	Proportion	Magnitude	Proportion
Business license	30	1.46	2	3.39	70	4.72	102	2.84
Capital	462	22.56	21	35.59	799	53.84	1282	35.70
Market access	49	2.39	25	42.37	89	6.00	163	4.54
Input access	26	1.27	7	11.86	55	3.71	88	2.45
Other	1	0.05	0	0.00	3	0.20	4	0.11
Not applicable	1480	72.27	4	6.78	468	31.54	1952	54.36
Total	2048	100.00	59	100.00	1484	100.00	3591	100.00

Source: CBMS-Ethiopia Census, 2015

The major factor which blocks youth in the overall project area from being self-employed is capital. Capital is taken as 35.70 percent of the time a cause to prevent the youth from beginning their own business. Almost 1,282 of the 3,591 youth complained of the absence of capital as a major cause..

The major factor considered as a hindering factor for the youth not to be self-employed in wereda 10 is capital. Almost 22.56 percent of the youth complained of capital as a prominent factor.

Still in Melka Jebdu, the core problem for not being self-employed among the youth is also capital, with 53.84 percent of the time being a hindering and challenging factor.

Note: The table above does not indicate the proportion of youth who did not try to be self-employed at all or who tried but did not mention the factors that affect their effort to be self-employed.

In Gedenser, the factors which challenge those youth who tried to be self-employed is not much of capital but of market access which is high at 42.37 percent. The reason is because of the absence of transportation infrastructure. However, it does not mean that the issue of capital problem is zero despite the presence of enough land and irrigable land. It still affects 35.59 percent of the time.

Hypothesis: Financial constraint is the most critical bottleneck to start up a new business in the selected sites

The census survey on the youth has confirmed that the major critical problem which threatens youth from being successful is capital. This is confirmed by the data in Table 3. The alternative source of capital is to involve in equb, i.e, traditional and voluntary saving.

Table 4: Youth participation on Technical & Vocational School and sex in overall project sites

Site	Participating in TVS		Sex			
			Male		Female	
	Magnitude	Proportion	Magnitude	Proportion	Magnitude	Proportion
Wereda 10	116	5.66	66	56.90	50	43.10
Gedenser	2	3.39	2	100.00	0	0.00
Kebele 01	29	1.95	23	79.31	6	20.69
Total	147	4.09	91	61.90	56	38.10

Source: CBMS-Ethiopia Census, 2015

Technical and vocational training is an option for the youth to make them ready for future career. In the project sites, 95.91 percent of the total number of youth did not participate in technical and vocational school programs.

Specifically in wereda10, 94.34 percent of the youth have not participated in technical and vocational school programs or conversely, only 5.66 percent of the youth have participated in such programs. In Melka Jebdu, the experience is like Wereda 10 where the majority did not go through technical and vocational training, with only 1.95 percent having attended this program.

The other project sub site Gedenser has the participation of youth in technical and vocational school at only 3.39 percent and the majority (96.61%) not having participated in such program.

Table 5: Youth involvement in entrepreneurship training

Site	Yes		No	
	Magnitude	Proportion	Magnitude	Proportion
Wereda 10	70	3.42	1978	96.58
Gedenser	14	23.73	45	76.27
Kebele 01	315	21.23	1169	78.77
Total	399	11.11	3192	88.89

Source: CBMS-Ethiopia Census, 2015

One of the pull factors which motivates the youth to be self-employed is participation in entrepreneurial trainings. Considering this fact, from the total youth of 3,591 in the project sites, only 11.11 percent have participated in entrepreneurial training, with 88.89 percent in contrast as having had no training at all.

Hypothesis: Youth in the area lack training related to starting their own venture.

Majority of the youth in the whole project sites as shown in Table 5 do not have entrepreneurship training at 88.89 percent. Additionally, 95.91 percent of the youth did not pass through technical and vocational schools. Hence, the evidence shows that the youth in the area lack training related to starting their own venture.

Table 6: Youth employment status and sex in overall project sites

Site	Employed		Sex			
			Male		Female	
	Magnitude	Proportion	Magnitude	Proportion	Magnitude	Proportion
Wereda 10	1117	54.54	464	41.54	653	58.46
Gedenser	10	16.95	1	10.00	9	90.00
Kebele 01	102	6.87	47	46.08	55	53.92
Total	1229	34.22	512	41.66	717	58.34

Source: CBMS-Ethiopia Census, 2015

As far as youth employment is concerned, almost 34.22 percent of youth in the overall project site are employed. Employed means that they are either self-employed or employed somewhere for wage or salary.

When the issue of employment is decomposed at kebele or wereda level, we note the following: In wereda 10, a significant share of the youth population is still not employed at 45.46 percent whereas the employed is around 54.54 percent..

In Melka Jebdu, Dire Dawa, the number of youth is 1,484. Out of this number, only 6.87 percent are employed (Self-employed or employed for wage/salary or family gain etc). The severity of the problem of being not employed is higher in this sub-project site than everywhere. Meanwhile, in Gedenser where the number of youth is 59, around 16.95 percent are employed.

Table 7: Employed youth involvement in extra job

Site	Involved		Not involved	
	Magnitude	Proportion	Magnitude	Proportion
Wereda 10	62	5.55	1055	94.45
Gedenser	0	0.00	10	100.00
Kebele 01	1	0.98	101	99.02
Total	63	5.13	1166	94.87

Source: CBMS-Ethiopia Census, 2015

The youth might also be involved in multiple jobs in a regular or part time basis. The overall project site observation shows that out of the total employed youth of 1,229, only 5.13 percent are with multiple jobs or duties and conversely, 94.87 percent are with no extra job.

In Wereda 10, 1,117 youth are employed and out of that, 7.77 percent are working in extra duty. Still, 94.45 percent are limited to a single job.

In Melka Jebdu, out of the entire number of youth, only 102 are employed. Out of these 102 employed youth, only 0.98 percent have engaged in additional duty.

In the other subproject site Gedenser, Dire Dawa, there is no observation with employment and extra duty engagement.

Hypothesis: Many youth, especially those with lower educational attainment, venture into entrepreneurial activity out of necessity.

Table 7 above confirms that majority of the youth in the area join self-business out of necessity because 94.87 percent of the employed youth do not have extra job. They have been involved in self-business for necessity purpose.

Table 8: Youth self-employment status and sex in overall project sites

Site	Self-employed		Sex			
			Male		Female	
	Magnitude	Proportion	Magnitude	Proportion	Magnitude	Proportion
Wereda 10	59	2.88	35	59.32	24	40.68
Gedenser	0	0	0	0	0	0
Kebele 01	3	0.20	1	33.33	2	66.67
Total	62	1.73	36	58.06	26	41.94

Source: CBMS-Ethiopia Census, 2015

Youth employment option is engagement in self-owned business. In the overall project site, only 1.73 percent of them own and are involved in self-employment. However, 98.27 percent are either employed for wage/salary or are jobless.

Youths in wereda10 are self-employed only at the rate of 2.88 percent whereas 97.12 percent of them are either employed for wage or are jobless.

In Melka Jebdu, the problem of being not self-employed is extremely high with the proportion at 99.80. percent. Almost no one therefore is self-employed.

The above Table 8 shows there is no self-employment in Gedenser rural kebele of Dire Dawa. Previous tables show that the youth of Gedenser are totally not self-employed or employed for wage/salary.

Table 9: Factors to be self-employed in all sites

Site →	Wereda 10		Gedenser		Kebele 01		Total	
	Magnitude	Proportion	Magnitude	Proportion	Magnitude	Proportion	Magnitude	Proportion
No employment opp.	32	54.24	0	0.00	1	33.33	33	53.23
Independence	8	13.56	0	0.00	1	33.33	9	14.52

Need to increase income	14	23.73	0	0.00	0	0.00	14	22.58
Non family influence	2	3.39	0	0.00	0	0.00	2	3.23
Family influence	3	5.08	0	0.00	1	33.33	4	6.45
Total	59	100.00						100.00

Source: CBMS-Ethiopia Census, 2015

The youth might raise various reasons for being self-employed. Hence, Table 9 shows why the youth prefer to be self-employed. The major factor is that there is no employment opportunity. This also complies with youth engagement on self-business out of necessity. The youth will prefer to start their own business if they are jobless for a long period of time. The next factor for the youth to join self-business is to get a higher amount of income.

Table 10: Unemployment and Unfair competition

Site	Bribed		Not bribed	
	Magnitude	Proportion	Magnitude	Proportion
Wereda 10	5	2.43	201	97.75
Gedenser	0	0.00	12	100.00
Kebele 01	19	9.95	172	90.05
Total	24	5.87	385	94.13

Source: CBMS-Ethiopia Census, 2015

Hypothesis: The youth is suffering from unfair competition and corrupt employment actions

Table 10 indicates that 5.87 percent of the unemployed youth confirmed that the employment environment is highly unfair. Hence, it is true that the youth are suffering from unfair competition and corrupt employment actions.

7.2 Model Results Discussion

7.2.1 Covariates of Self-employment (engagement in entrepreneurship)

In this section, we attempt to identify the correlates of self-employment in order to make the determinants of entrepreneurship engagement analysis complete. The simplest way to analyze the correlates of self-employment is by using a logistic regression analysis of whether the youth is

engaged in entrepreneurship or not against household demographic factors, specific individual characteristics, asset holdings of the household, village level factors, social capital indicators and policy related variables. Based on this rationale, the model is specified as follows.

7.2.2 Model Specification

The dependent variable is the engagement of the youth in entrepreneurial activity. To identify the correlates of this engagement, binary variable that indicates involvement in entrepreneurial activity or not is regressed up against different covariates of this engagement in logistic regression. Denoting all explanatory variables as X_i , the following equation specifies the model used in this section.

$$\text{Engage in Entrepreneurship} = \beta' X_i + \varepsilon_i \text{-----(6)}$$

Left hand side term of Equation (6) is a dichotomy variable which has a value 1 if the youth is engaged in his own business and 0 otherwise. And the right hand side explanatory variables are: a) household characteristics and demographic variables like sex, age and years of education of the youth; b) family background variables like total asset of his/her family, television and radio access, family size; c) social capital variable like engagement in village level saving and loan association, locally called '*Equib*' and membership in village level cooperatives; d) access variables like telecom service accessibility, television, radio and newspapers' accessibility of the youth; and e) training exposure variables like whether the youth took entrepreneurship short-term training and short- or long-term training from technical and vocational schools.

Partial correlation coefficient, β , tells us the association between entrepreneurship engagement indicator and the explanatory variables rather than their causal relationship. The detail list of explanatory variable and their description are presented as follows;

x_1 = Age of the youth

x_2 = Sex of the youth (Dummy); 1 if male 0 if female

x_3 = Years of education of the youth

x_4 = Television ownership of the youth's family (Dummy); 1 if they possess and 0 if not

x_5 = Radio ownership of the youth's family (Dummy); 1 if they own and 0 if not

x_6 = Telecommunication access of the youth (Dummy); 1 if they have access and 0 if not

x_7 = Newspaper access of the youth (Dummy); 1 if they have access and 0 if not

x_8 = 'Equib' membership of the youth (Dummy); 1 if the youth is a member and 0 if not

x_9 = Cooperative membership of the youth (Dummy); 1 if the youth is a member and 0 if not

x_{10} = Total asset value of the youth's family in Ethiopian Birr

x_{11} = Family size of the youth's family

x_{12} = Technical or vocational training received (Dummy); 1 if the youth received training and 0 otherwise

x_{13} = Entrepreneurship training received (Dummy); 1 if the youth received training and 0 otherwise

7.2.3 Hypotheses of the Logistic Regression Model

The explanatory variables which are included in the model are based on the expectation or hypotheses which are summarized hereunder.

Age of youth (x_1)

The older the age of the youth is, the better experience he/she has for different economic activities. Based on this expectation, the coefficient of age of youth is expected to have a positive sign.

Sex of household head (x_2)

Because of the long trend of educational practices in the country, females are very few in moving up in the ladder of formal education, making the majority of them keen to involve in their own business.

Since female youth are considered as a base in the specification, negative sign is expected from the coefficient of this dummy variable.

Years of education for household head (x_3)

Based on the assumption that indicates the more educated the youth is, the more ready he/she is to receive employment from government organizations (GOs) and non-government organizations (NGOs) operating in the country rather than being involved in his/her own business, a negative sign is consequently expected from this variable's coefficient.

Access variables: Television ownership of the youth's family (x_4), Radio ownership of the youth's family (x_5), Telecommunication access of the youth (x_6) and Newspaper access of the youth (x_7)

The youth who have access to these information sources are empowered by the information and share the experiences of successful entrepreneurs. This is expected to inspire the youth to have their own business or to be engaged in entrepreneurial activities. These variables are expected to contribute positively to entrepreneurial engagement. Hence, positive coefficients are expected.

'Equib' membership of the youth (x_8) and Cooperative membership of the youth (x_9)

These social capital indicator and microcredit service variables are expected to contribute positively to the youth to be self-employed or to create their own business. Since they are a substitute for the formal financial institutes, which marginalize the poor and the youth who cannot afford a strong collateral requirement, a positive sign is expected from their coefficient estimates.

Total asset value of the youth's family in Ethiopian Birr (x_{10})

The assumption is that households who possess larger land and other assets can produce better for rural households and can have a better capital for businesses in urban areas and consequently enhance the family income and consumption. These family assets will have a multiplier effect on their young children to get their startup capital. Therefore, a positive coefficient is expected from this variable.

Family size of the youth's family (x_{11})

No theoretical and empirical bases were found to expect the sign of this variable's coefficient. So no sign expectation is set regarding this variable.

Technical or vocational training received (x_{12}) and Entrepreneurship training received(x_{13})

The major objective of such trainings is to create individuals who can use the available theory and practice in the science of entrepreneurship together with different technical and vocational training skills to engage in their self-employed business. These trainings are expected to enhance a person's probability to engage in entrepreneurship activities. Therefore, a positive sign is expected from both variables' coefficients.

The regression model estimates are presented in Table 11 and indicate that the overall model, χ^2 calculated, is significant at less than 1 percent level of significance. This indicates that the variables which are included in the logistic regression model have coefficients which are jointly different from zero value. In addition, the regression estimate made with an option of robust standard error rather than the normal one, heteroskedasticity, is not a problem anymore. The related multicollinearity test was also performed using Variance Inflation Factor (VIF).

In the empirical result with 4.03 average values of VIF, there is no severe multicollinearity among the explanatory variables. All of them have the value less than 3, with the exception of the age of the youth. The estimate of the VIF is also shown in the Annex Table.

Most of the variables' coefficients have the expected signs. With the exception of newspaper, cooperative membership of the youth and entrepreneurship trainings, other variables which are included in the model viz., age of youth, sex of youth educational status, television, radio and telecommunication access, 'equib' membership, total asset come up with the expected signs despite being insignificant for some as observed in Table 11.

Table 11: Logistic Regression result for covariates of self-employment

Variable description	Variable name	Coefficient	Robust Standard Error
Age of the youth	age_yr	0.26	0.065***

Sex of the youth	Sex	-0.53	0.28 *
Educational status of the youth	Educal	-0.18	0.056***
Television ownership of the youth's family	Tv	0.015	0.36
Radio ownership of the youth's family	Radio	0.16	0.27
Telecommunication access of the youth	Telecomind	3.33	1.07***
Newspaper access for the youth	nwsppraccess	-0.51	0.29*
'Equib' membership of the youth	Equibind	1.18	0.312***
Cooperative membership of the youth	Coopind	-1.38	0.73*
Total asset value of the youth's family	total_asset	0.0001	0.0001
Family size of the youth's family	family_size	-0.06	0.06
Technical or vocational training received	Tvs	-0.404	0.53
Entrepreneurship training received	entrep_te	-0.708	0.060
	constant	-10.9	1.86***
Number of Observations		3591	
Wald chi2(13)		85.69***	
Prob > chi2		0.0000	
Pseudo R ²		0.2375	

*significant at 10%

**significant at 5%

*** significant at 1%

Source: CBMS-Ethiopia Census, 2015

From Table 11, it is seen that as it was hypothesized, the variable age of youth has positive and highly significant, with p-value less than 1 percent level, contribution for the youth to engage in self-employment. Similarly, the variable sex of the youth shows the expected sign and it is also significant at less than 10 percent. This indicates that there is significant partial correlation between being female and engagement in self-employment. The other variable in this category, years of education, comes up with the expected negative sign and highly significant result, with p-value less than 1 percent, as it was hypothesized. The coefficient sign of education (negative) implied that the higher

the educational achievement of the youth is, the less will be the tendency for him/her to involve in self-employment activities. Most of the youth who achieve higher level of education are not willing to take the risk of involving in entrepreneurial activities. This also better supports the hypothesis that youths are involved in entrepreneurial activities if and only if they do not have higher levels of education and chances of employment.

Some information access variables show consistent results while others show contrary results from previously hypothesized signs. Telecommunication access has highly significant positive contribution, even less than 1 percent p-value, for a youth to engage in entrepreneurship. However, television and radio access have no significant contribution for the youth to engage in entrepreneurial activity. In contrast, for those youth who have access to newspapers, it was found that there is a lower probability for them to engage in their own businesses. The reason is that empirical review shows that most of Ethiopian newspapers are overwhelmingly crowded with vacancy announcements. Thus, having an exposure to those newspapers will shape the youths' intention to be employed rather than be self-employed.

For the social capital variable, '*equib*' membership, the coefficient is significant and positive as it was hypothesized. It is due to the dual purpose that '*equib*' plays in Ethiopia's various villages in both rural and urban areas. On the one hand, it substitutes for formal financial institutes via the provision of microcredit without collateral requirement to finance members' businesses or to start up a new one. On the other hand, it also creates a good platform to share experiences with different business persons. Both reinforce the logic behind the positive and significant variable's coefficient. In contrast, membership in local cooperatives has no impact on the probability of being self-employed. The reason may be due to the very limited human and financial capacities of the majority of cooperatives operating in Ethiopia.

All other variables viz., asset ownership of families of youths, family size, and short-term entrepreneurship and technical and vocational training from technical and vocational colleges are found to be insignificant.

Meanwhile, the variable that indicates urban-rural dwellership is automatically dropped by stata due to its functional multicollinear relationship with other explanatory variables. This has been indicated by stata output attached in the Annex.

Table 12: Marginal Effect for covariates of self-employment

Variable description	Dy/dx	SE
Age of the youth	0.0008341	0.00038
Sex of the youth	-0.0016758	0.00087
Educational status of the youth	-0.0005793	0.00021
Television ownership of the youth's family*	0.000483	0.00113
Radio ownership of the youth's family*	0.0004956	0.00083
Telecommunication access of the youth*	0.0070345	0.00226
Newspaper access for the youth*	-0.0014629	0.00089
'Equib' membership of the youth*	0.0062029	0.00313
Cooperative membership of the youth	-0.002679	0.00126
Total asset value of the youth's family*	2.01e-09	0.00000
Family size of the youth's family*	-0.0001888	0.00019
Technical or vocational training received*	-0.0010679	0.00122
Entrepreneurship training received*	-0.0017352	0.00134

(*) dy/dx is for discrete change of dummy variables from 0 to 1

Source: CBMS-Ethiopia Census, 2015

Table 12 indicates the marginal effect of covariates on the youth's possibility to be self-employed. A percentage increase in educational status reduces the youth's possibility to be self employed by 0.05 percent. Similarly, a percentage increase in the youth's access to telecom service increases the youth's possibility to be self employed by 0.7 percent.

The likelihood of the youth to involve in self-employment positively changes by 0.62 percent when they decide to participate in equib.

8. Recommendations

Based on the analysis discussed, the following policy recommendations are hereby forwarded.

Improving the governance and attractiveness of TVET

TVET is an important area of improvement for good quality programs that are in tune with labor market needs. The attractiveness of TVET could be increased by more flexible, diversified and customized programs that address the diverse needs of different youth groups. Greater emphasis should be placed on effective governance mechanisms for TVET, in particular, better coordination among different institutions and stronger partnerships with employers. Training that addresses specific skills shortages, in particular, in economic sectors is also necessary, especially in areas of the green economy as well as the expansion of opportunities in already feminized employment sectors such as food processing, textiles, health and education.

Reforming the education system

The current system does not create high quality human capital or the type of human capital needed by the market. Moreover, there are complaints from all sides about the quality and relevance of the education that students receive. Many comprehensive measures are needed to improve the quality of teaching and learning at school like, for instance, curriculum changes toward a more practical orientation, teacher training, infrastructural improvements and greater public investment in primary and secondary education.

Supporting the strengthening of village level associations

It has been clearly shown that involvement in village level saving and loan associations has a positive contribution for a person's chance to engage in self-employed economic activity. This type of microcredit also has an advantage of financing the business without the provision of collateral. This enhances the chance for a better development of entrepreneurial activity in the study area. Therefore, policies should be designed in a way that support these institutions to reach the unbanked society.

Improving access to communication outlets

Model analysis implies that there is a positive relationship between having access to communication media and self-employment. Hence, it is advised to work in this area (to make youth access to media easy) to increase future youth self-employment. The reality on the ground implies that much effort is still needed to do so. Specifically, access to market information has an impact to be self-employed.

Competitive financial Market than monopolized

The core reason for youth not to involve in self-employed business is due to capital shortage. Empirical evidences shows that Ethiopian financial system is highly monopolized and full of restrictive regulation. Hence, relaxation of financial regulation and policy change real privatization of financial institution and service is essential to motivate self-employment.

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Annexes

Table 13 : STATA Generated outputs of Logit Result

Logistic Regression Result (Robust standard error)

```
. logit yempst age_yr sex educal tv radio telecomind nwsppraccess equbind coopind total_asset Family_size tvs entrep_te,
> r
```

```
Iteration 0:  log pseudolikelihood = -313.12287
Iteration 1:  log pseudolikelihood = -293.83171
Iteration 2:  log pseudolikelihood = -241.51119
Iteration 3:  log pseudolikelihood = -238.82508
Iteration 4:  log pseudolikelihood = -238.74824
Iteration 5:  log pseudolikelihood = -238.74787
Iteration 6:  log pseudolikelihood = -238.74787
```

```
Logistic regression                Number of obs   =       3591
                                   Wald chi2(13)    =       85.69
                                   Prob > chi2      =       0.0000
Log pseudolikelihood = -238.74787  Pseudo R2      =       0.2375
```

yempst	Robust		z	P> z	[95% Conf. Interval]	
	Coef.	Std. Err.				
age_yr	.2641126	.0648989	4.07	0.000	.1369131	.3913121
sex	-.5306366	.2761355	-1.92	0.055	-1.071852	.010579
educal	-.1834342	.0561142	-3.27	0.001	-.2934161	-.0734523
tv	.0153568	.3629009	0.04	0.966	-.695916	.7266295
radio	.1578705	.2725945	0.58	0.562	-.3764049	.6921459
telecomind	3.330871	1.073767	3.10	0.002	1.226326	5.435417
nwsppraccess	-.5051501	.2860146	-1.77	0.077	-1.065728	.0554283
equbind	1.180036	.3118775	3.78	0.000	.568767	1.791304
coopind	-1.383725	.7367992	-1.88	0.060	-2.827825	.0603751
total_asset	6.36e-07	4.49e-07	1.42	0.157	-2.44e-07	1.52e-06
Family_size	-.059789	.0595804	-1.00	0.316	-.1765645	.0569864
tvs	-.4039072	.5295264	-0.76	0.446	-1.44176	.6339454
entrep_te	-.7077679	.5992369	-1.18	0.238	-1.882251	.4667148
_cons	-10.94073	1.863677	-5.87	0.000	-14.59347	-7.287992

. mfx

Marginal effects after logit
 y = Pr(yempst) (predict)
 = .00316815

variable	dy/dx	Std. Err.	z	P> z	[95% C.I.]	X
age_yr	.0008341	.00038	2.17	0.030	.00008	.001589		19.4525
sex	-.0016758	.00087	-1.93	0.054	-.003382	.00003		1.49179
educal	-.0005793	.00021	-2.80	0.005	-.000985	-.000174		6.6753
tv*	.0000483	.00113	0.04	0.966	-.002174	.002271		.746032
radio*	.0004956	.00083	0.59	0.552	-.001139	.00213		.544417
teleco~d*	.0070345	.00226	3.11	0.002	.002607	.011462		.74826
nwsppr~s*	-.0014629	.00089	-1.65	0.099	-.003201	.000275		.3066
equbind*	.0062029	.00313	1.98	0.047	.000072	.012334		.112225
coopind*	-.002679	.00126	-2.13	0.033	-.005148	-.00021		.088276
total~t	2.01e-09	.00000	1.26	0.208	-1.1e-09	5.1e-09		54551.2
Family~e	-.0001888	.00019	-1.00	0.317	-.000558	.000181		5.30103
tvsv*	-.0010679	.00122	-0.88	0.380	-.003454	.001318		.040936
entrep~e*	-.0017352	.00134	-1.30	0.195	-.00436	.00089		.111111

(*) dy/dx is for discrete change of dummy variable from 0 to 1

Table 14: VIF for multicollinearity test

. vif, uncentered

Variable	VIF	1/VIF
age_yr	13.32	0.075062
sex	8.90	0.112348
Family_size	7.25	0.137837
tv	5.37	0.186372
telecomind	4.94	0.202505
radio	2.59	0.385826
educal	2.15	0.465195
nwsppraccess	1.82	0.549371
entrep_te	1.32	0.758351
equbind	1.20	0.834338
total_asset	1.17	0.853502
coopind	1.17	0.858203
tvsv	1.14	0.880212
Mean VIF	4.03	

Source: CBMS-Ethiopia Census, 2015

Logistic regression

Number of obs = 3532
 LR chi2(13) = 146.77
 Prob > chi2 = 0.0000
 Pseudo R2 = 0.2351

Log likelihood = -238.70295

yempst	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
age_yr	.2637416	.064164	4.11	0.000	.1379824	.3895007
sex	-.530111	.2733854	-1.94	0.052	-1.065937	.0057145
educal	-.1834276	.0449228	-4.08	0.000	-.2714745	-.0953806
tv	.0117329	.3603906	0.03	0.974	-.6946196	.7180854
radio	.1555017	.2796824	0.56	0.578	-.3926658	.7036692
telecomind	3.294564	1.025403	3.21	0.001	1.284811	5.304317
nwspraccess	-.5044975	.298147	-1.69	0.091	-1.088855	.07986
equbind	1.179952	.3081008	3.83	0.000	.5760854	1.783818
coopind	-1.383401	.7333892	-1.89	0.059	-2.820818	.0540153
total_asset	6.37e-07	4.52e-07	1.41	0.159	-2.50e-07	1.52e-06
Family_size	-.0597438	.0599511	-1.00	0.319	-.1772459	.0577582
tvsv	-.4035006	.5595286	-0.72	0.471	-1.500157	.6931554
entrep_te	-.7057658	.6265724	-1.13	0.260	-1.933825	.5222936
Urban_rural	0	(omitted)				
_cons	-10.89334	1.832501	-5.94	0.000	-14.48497	-7.301703

Source: CBMS-Ethiopia Census, 2015

note: tv != 0 predicts success perfectly
tv dropped and 2679 obs not used

note: radio != 0 predicts success perfectly
radio dropped and 242 obs not used

note: nwsppraccess != 0 predicts success perfectly
nwsppraccess dropped and 41 obs not used

note: netaccess != 1 predicts success perfectly
netaccess dropped and 27 obs not used

note: equbind != 0 predicts success perfectly
equbind dropped and 44 obs not used

note: coopind != 0 predicts success perfectly
coopind dropped and 9 obs not used

Iteration 0: log likelihood = -187.31269
Iteration 1: log likelihood = -148.55341
Iteration 2: log likelihood = -134.82456
Iteration 3: log likelihood = -131.95355
Iteration 4: log likelihood = -131.90157
Iteration 5: log likelihood = -131.9015
Iteration 6: log likelihood = -131.9015

Logistic regression	Number of obs	=	549
	LR chi2(8)	=	110.82
	Prob > chi2	=	0.0000
Log likelihood = -131.9015	Pseudo R2	=	0.2958

Urban_rural	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
age_yr	.3314584	.0751937	4.41	0.000	.1840814 .4788354
sex	-.0137521	.3291005	-0.04	0.967	-.6587773 .631273
educal	.1613232	.0416288	3.88	0.000	.0797322 .2429142
tv	0	(omitted)			
radio	0	(omitted)			
telecomind	2.54989	.5425419	4.70	0.000	1.486527 3.613252
nwsppraccess	0	(omitted)			
netaccess	0	(omitted)			
equbind	0	(omitted)			
coopind	0	(omitted)			
total_asset	-.0000106	2.52e-06	-4.20	0.000	-.0000155 -5.63e-06
Family_size	.2423799	.1058212	2.29	0.022	.0349742 .4497856
tv	-.5428423	1.00443	-0.54	0.589	-2.511488 1.425804
entrep_te	1.442324	.400914	3.60	0.000	.6565475 2.228101
_cons	-6.592686	1.726857	-3.82	0.000	-9.977264 -3.208107

Source: CBMS-Ethiopia Census, 2015

Table 15: YEE Indicators

Related literature	Research questions	Hypothesis	Indicators	variables	Questionnaire items	Tables
<p>The high unemployment rate among urban female in general and younger ones in particular reflects the economically marginalized position of females, who usually have heavy domestic work burdens and often little education.</p> <p>Broussar and Tekleselassie (2012) in their investigation of youth unemployment in Ethiopia mentioned that the youth unemployment rate was higher than the national average, which is 6 percent, at 8 percent for youth 15-24 and 7 percent for youth 15-2</p>	<p>What is the status of unemployment rate for male and female youth in the selected Kebele/Sub city?</p> <p>What are the magnitude /proportion of the unemployed across population subgroups (by age group, by sex, by urbanity)? What is the magnitude/proportion of youth?</p>	<p>The level of female youth unemployment exceeds male youth unemployment</p>	<p>Proportion of female youth aged 15-24 unemployed and proportion of male youth aged 15-24 unemployed</p>	<p>Age, employment status, sex</p>	<p>Rider:Did you do any work for at least one hour last week?</p>	<p>Employed and unemployed members of labor force age range of 15-24 with their corresponding sex</p>
<p>Lack of access to capital and credit – Lack of adequate investment capital, lack of sufficient loan and inefficient financial market in terms of facilitating financial resources to entrepreneurs are the major obstacles in doing business, particularly in the informal sector.</p>	<p>What are the major bottlenecks for the female youth and male youth to start up a business in the selected two areas?</p> <p>What are the alternative means of finance to start up a new business for youth?</p>	<p>Financial constraint is the most critical bottleneck to start up a new business in the selected sites.</p>	<p>Proportion of people complaining about source of capital to begin their own venture</p>	<p>Age, amount of capital etc...</p>	<p>Rider:Which one do you think is harder factor in opening your new venture</p> <p>Rider:Why you prefer to be employed/self employed than employed/self employed</p>	<p>the percentage of complaints in starting venture with in the age range of 15-24</p>
<p>The widespread nepotism and corruption paves the way for unemployment. This has a lot to do with almost all issues ranging from accessing rural land to getting employed in public institutions. Ethnic and political bias by public and private employers upon recruitment cannot be underestimated;</p>	<p>What are the influences of individual, household and community level factors in determining the propensity of youth in creating their own business/or to be employed?</p>	<p>The youth is suffering from unfair competition and corruptive employment actions</p>	<p>Proportion of youth (15-24) who are unemployed due to unfair employment competition</p>	<p>Occupational status, age</p>	<p>Rider: Do you get a job immediate after graduation?</p> <p>Rider: How many jobs have you applied before you get the job?</p> <p>Rider: How many employers have invited you to attend an interview session?</p> <p>Rider: Have you been asked to give bribe /money to secure employment?</p> <p>HPQ:Is there</p>	<p>Number of times the youth with the age range of 15-24 applied for the job with number of success and failure</p>

					any one in your family doing his/her own business?	
Lack of knowledge and skill to perform jobs.	What types of skill development training have female youth and male youth been provided to start their business?	Youth in the area lack training related to starting their own venture	Proportion of youth(14-25) who get training related to entrepreneurship The proportion of youth who completed technical and vocational school.	Age, type of training	HPQ: What is your highest level of completed education? Rider: Have you tried to be self employed Rider: Do you have failure story of opening your own business Rider: If yes what are/ were the factors? Did you take any kind of training in the past? Rider: Have you attended TVS?	
Misguided educational policy: The educational policy focuses on quantity and merely relies on quantitative truth. Though tens of thousands are claimed to have graduated, they cannot access jobs; nor can they be claimed to have acquired basic skills and knowledge	What are the available policy options to reduce unemployment in general and youth unemployment in particular?	The government's effort is less to reduce unemployment	Marginal job created yearly for youth	Base year number of employment, current year number of employment	CBQ: How many new jobs has been created by private and government bodies in the locality	Comparative table of two consecutive years with the number of employment created.
	How many youth venture into entrepreneurial activities out of necessity and vocation	Many youth especially those with lower educational attainment venture in to entrepreneurial activity out of necessity	Proportion of employed youth who have multiple jobs. Proportion of employed jobs owning their venture	Age ,second job, employment status(part timer or full timer)	Rider: Are you unemployed? Rider: In addition to your main occupation do you have extra job? HPQ: Do you have habit of saving	Young entrepreneurs by sex and reason of for starting business