



# “I want to work independently”: Challenges for Young People in Ethiopia Looking for Decent and Satisfying Work

This policy brief draws on a qualitative study of young people in five rural and five urban communities who are part of the Young Lives longitudinal study of 3,000 children and young people in Ethiopia.

It examines the different kinds of jobs and income-generating work young men and women do on their own and in groups and the difficulties they face in finding paid work.

## Key research findings

- Young people's **transition to the labour market is slower** in Ethiopia than in the other Young Lives countries.
- Most of the young people are **working for themselves, mainly in the informal sector**, but only a few of these have managed to establish viable businesses.
- There is a mismatch between **the jobs available and educated young people's expectations** of office jobs.
- Daily labour in **agricultural and industrial work** provides a useful source of additional income. However, wages are low and conditions poor, and most young people seek to move on as soon as they can to other jobs or their own businesses. Moreover, **health and environmental** risks are causes for concern.
- The Government's preferred job creation model promoting **youth cooperatives** has faced many challenges. These include limited involvement of women and graduates, problems with loan modalities, and young people's preference for working independently or with groups of their own choice.

## Introduction

### *The employment context for young people*

Unemployment is a major issue facing Ethiopia, with more than 2 million young people estimated to enter the labour market every year. The National Youth Development and Change Strategy, approved in 2017, included a strong focus on youth employment, with a view to speeding up the transformation of the country from an agrarian economy and ensuring youth involvement in green economic development. There have also been significant initiatives to promote employment through micro and small-scale enterprises (MSEs) supported by loans from the Youth Revolving Fund. The Federal Job Creation Commission was established in 2018 to coordinate efforts, with the aim of creating 3 million new jobs in 2020, 14 million by 2025 and 20 million by 2030.<sup>1</sup> However, youth unemployment remains critical and women's involvement in the labour market is still limited.

### *Young Lives*

This policy brief is based on a study of 47 young people (30 men and 17 women)<sup>2</sup> who are involved in different kinds of work, including paid employment, casual wage labour, their own income-generating activities and businesses, and cooperatives.

Young Lives is an international study of childhood poverty and transitions to adulthood following the lives of 12,000 children in four countries (Ethiopia, India,<sup>3</sup> Peru and Vietnam) since 2001. It aims to provide high-quality data to understand childhood poverty and inequalities and inform policy and programme design. In Ethiopia, Young Lives follows 3,000 children from two cohorts (2,000 in the Younger Cohort, born in 2000/1, and other 1,000 in the Older Cohort, born in 1994/5). The study focuses on 20 communities drawn from five regions: Addis Ababa, Amhara, Oromia, Southern Nations, Nationalities and Peoples' Region (SNNPR), and Tigray. Since 2007, there has also been a longitudinal qualitative study of 100 children and their caregivers from five communities, as well as numerous qualitative sub-studies. To date, Young Lives Ethiopia has carried out five rounds of surveys and five qualitative waves. This brief is based on the fifth qualitative wave, carried out in 2019.

### *The study communities*

This study is based on data from ten of the 20 Young Lives sites in Ethiopia, in all five regions.

### Box 1. The study sites

- **Bertukan**, a poor neighbourhood in Addis Ababa; most young people work in the informal sector
- **Menderin**, another poor neighbourhood in Addis Ababa, currently undergoing redevelopment
- **Tach-Meret**, a rural, food-insecure agricultural community in Amhara
- **Kok**, a small, fast-growing town in Amhara with tourist attractions
- **Leki**, a rural site in Oromia; young people work in agriculture, fishing and wage labour
- **Lomi**, a remote, food-insecure agricultural site in Oromia with limited development
- **Timatim**, a densely populated rural community in SNNPR
- **Leku**, within Hawassa, the SNNPR capital; most young people work in the informal sector
- **Zeytuni**, a rural village in Tigray; young people work in irrigation and cobblestone production
- **Gomen**, a small but growing crossroads town in Tigray

## Main findings

Of the 47 young men and women, 17 were generating their own income or involved in their own businesses, 15 were in paid jobs, 10 were involved in daily labour and 5 worked in cooperatives or their own groups. Only a handful were entrepreneurs or had successful businesses, with most involved in small-scale trade or services. A few had professional jobs but many were in low-paid manual, clerical or sales work. The study sample included almost twice as many young men (30) as young women (17), because women were less involved in work outside the home.

### *Employment: the mismatch between jobs and expectations*

“I graduated with a BA in Economics from Mekele University and am working in a bank in Addis Ababa. I now earn 10,000 birr plus allowances. I am supporting myself and my family and am studying for an MBA in management.”

Adesech, young woman, 24, Menderin

Among the study respondents, there were a few success stories. However, there is a mismatch between the limited jobs available and the expectations of the young people who have completed higher education; graduates, and even those completing secondary school, feel that they are entitled to government jobs. They have less interest in technical, vocational and business jobs and are reluctant to engage in rural farm work. Only a few young people in the study were able to find well-paid professional jobs commensurate with their education and training.

Part of the reason many of the young people are having difficulty finding decent and satisfying work is that they left school early and few went on to higher education. A handful of young women with good qualifications found gainful work and were supporting their families, but others were doing menial work despite good qualifications.

1 <https://www.jobscommission.gov.et>

2 All names of respondents and research sites are pseudonyms, to preserve anonymity.

3 In the states of Andhra Pradesh and Telangana.

### Daily labour: a useful but difficult stepping stone

“Daily labour is a very bad job. If I find another good job opportunity, I will withdraw from daily labour. It is labour exploitation. It requires a high amount of energy.”

Miruts, young man, 18, Zeytuni

Daily labour in the agricultural, construction and industrial sectors is an important source of income, particularly for those from the poorest backgrounds. However, conditions are difficult and wages low. Some young people do this kind of work temporarily or part time, and most seek to move to better jobs or their own small businesses. Nonetheless, in the face of unemployment many are grateful to find work. More young people were in work in rural areas (26) than urban ones (21), mainly due to opportunities for agricultural and industrial wage labour. Women in rural areas stopped doing this work on getting married.

### Work in agriculture, construction and industry: low pay and health risks

A number of young people, mostly young men, did construction work in urban areas, with some migrating from rural areas. While this provided a source of income, and a few were able to invest savings in their own livestock-breeding businesses or small-scale enterprises, the work was often physically hard, with poor working conditions. Others, especially women, worked in factories, including textile and agro-processing plants and a soap factory. However, health risks were reported at some factories, and wages were low, and unless they did not have alternatives most young people saw this as a temporary stepping stone to other jobs or their own work. There were also concerns about the sustainability of jobs and fears of factories closing. A few young men and women from Leku worked in the Hawassa Industrial Park; however, they all left as most could not get work related to their education or training, pay was low, and the conditions were difficult, especially the night shifts.

#### Box 2. Young people working in daily labour

“Haricot bean picking is a bad job because it is very dangerous for our health. Last year, I was very sick for two months and I had a heart condition. After I recovered, I quit the job.”

Bezach, young woman, 25, Tach-Meret

“The salary of 800 birr per month is too small. The risk that employees face because of the chemicals far outweighs the benefits. There is a double risk for girls. A number of defects have been observed in babies delivered by those women.”

Participant in men's focus group, Leki

“The payment rate is a reason for workers to leave soon ... the supervisors don't allow workers to take a breath and sit for a minute to rest. This causes conflict ... [and if] you work as a shoe-shiner in town, you will benefit more than working in the industrial park.”

Yitbarek, young man, 25 Leku

### Own-account work and business: the preferred option but only a few succeed

Working for yourself is more common among young people in Ethiopia than in the other three Young Lives countries, and many young people expressed a preference for working independently. However, very few had successful businesses, and most of those who did had received family support, especially from sisters working in Arab countries. Most of those working on their own account were in urban areas, involved in their own small-scale, often casual, work in the informal sector. However, this work was often intermittent and unreliable. Even fewer became entrepreneurs.

#### Box 3. Young people setting up businesses

“My situation now is improving ... I started my own business. Before I opened the music and video shop, I worked in road construction, as a storeman and as a fuel station worker. I saved some money, and when the construction work was phased out, they terminated my contract and I opened my shop, through which I support my family and myself.”

Dembel, young man, 25, Leku

“This business is not profitable ... If possible, I want to work in my homeland, if not I will go to Saudi again. I don't want to waste my time working in a small café which can't change my life.”

Birikti, young woman, 25, Zeytuni

### Youth cooperatives: many challenges and not the preferred option

“Youths are challenging! We cannot force them to use the money for the intended aim. Instead, they divided the money among themselves and got involved in crop production individually. But they should have worked together as it was planned by the programme.”

Kebele official, Lomi

The dominant youth job creation model has favoured MSEs organised into cooperatives. However, few young people engage in these, and most prefer to work independently. Although some were successful, there were a number of challenges, including the composition of groups, types of work, difficulties of working in groups, and conditions for loans.

Gender norms around work, power relations and the types of work available in rural areas meant that young women were generally not included in these initiatives, or were involved only in clerical or financial work. Graduates did not want to undertake manual work, and their families also felt they had educated them for better lives. Aside from cobblestone production, there was limited promotion of non-farming businesses.

There were also problems relating to the unwillingness of parents to guarantee loans with property as collateral, and the tendency for young people to want to divide up the money they were lent and use it for their own projects rather than the scheme's group work. Some young people defaulted on their loans, which made the organisers unwilling to disburse new

loans. Moreover, the regulations and bureaucracy involved in establishing and running groups, as well as alleged corruption, discouraged many, and most young people expressed a strong preference for independent work.

### **Entrepreneurship: a few success stories but not easily replicable**

“Old people say you get money at age 20 but heart at age 40. At age 20 you are youth. So, you should work.”

Afework, young man, 25, Bertukan

A few young people were able to set up successful businesses employing others. Most of these relied largely on family support and resources, especially remittances from female migrant relatives. Men, those from urban areas, and those with family support were more likely to succeed. However, determination and ambition also mattered, as Worku, a young man who set up a bakery in a rural town and opened two further branches, suggested: *“If young people engage in any work and put efforts seriously, I would say that they can succeed.”*

### **Factors affecting transitions to work: infrastructure, family support, age and gender**

The types of work young people are involved in depend on a combination of interconnected factors operating at different levels: the community, the family/household and individual characteristics such as gender and age.

#### **Infrastructure and communications offer opportunities**

“[My] mobile phone is very important in getting orders and sharing information from wholesalers in Mekele. They call me when new clothes come from foreign markets.”

Nigisti, young woman, Gomen

Infrastructure development offers opportunities for business development, especially in urban areas; roads and linkages to markets and towns, agricultural investment projects, construction and factories, access to global markets, and the cost and availability of electricity are important factors. Moreover, communications, notably mobile phones, are also key, though the internet has not yet had much impact.

#### **Family circumstances matter**

“I don’t have my own income-generating activities because I don’t have money to start up my own business.”

Miruts, young man, 18, Zeytuni

Family circumstances matter, with young men and women from poorer households or households that have faced economic or social shocks more likely to drop out of school and enter the labour market early. This means they have more limited prospects of decent jobs and gainful livelihoods, more likelihood of being unemployed, and often an inability to raise money to start businesses.

#### **Age and work: few younger men and women in paid work**

“I am happy working in the company. There are so many of my friends who don’t have the chance to be employed ... I contribute some money to my family [and] I spend the rest for myself ... I would like to improve my skill and open my own metal workshop.”

Dest, young man, 18, Zeytuni

Transition to the labour market was slower in Ethiopia than in other Young Lives countries, with fewer Younger Cohort respondents (aged 18) finding work compared with the Older Cohort at the same age. Only 12 of the 47 in this sample were from the Younger Cohort since most were still at school and only worked part time. The nature of this work largely depended on their gender, household wealth, location and community circumstances. For example, Younger Cohort boys and girls were involved in part-time income-generating work, which was also gendered, with two girls selling clothes and a boy doing electronic repair work.

#### **Gender: greater challenges for women**

“I wake up at 4 am ... in order to prepare food for my children, before I leave to the marketplace. ... Also, I help my spouse with planting vegetables in the land located close to the house. I myself care for the baby, carrying it while working and to wash clothes since we can’t afford to hire a housemaid.”

Mina, young woman, 25, Timatim

Most of those working outside the home are young men, and only 17 of the 47 in the sample were women. There are serious social constraints on young women, which make it difficult for them to find paid work, become involved in income generation, establish businesses or join cooperatives. The types of work men and women do are highly gendered, with men involved in transport and repair work and women in food and beverages, clothes sales and handicrafts. Given gender norms and patriarchal values, even those young women who did paid work faced the double burden of working both inside and outside the home, and many stopped working for pay when they got married and/or had children. Women tended to have lower-paid jobs and less lucrative income-generating activities. However, there were exceptional cases of young women who have succeeded in getting good jobs, establishing businesses and managing both domestic and paid or income-generating work. For example, Selamnesh, a young woman of 25 from Tach-Meret, works as a cashier in a local town and has earned enough money to help her parents rebuild their house and buy furniture and a TV.

## Conclusions and recommendations

The transition to the labour market in Ethiopia has been slower than in the other Young Lives countries and unemployment is a serious and growing problem. The following recommendations aim to address the problems young people face in finding work.

### 1. Address the mismatch between the jobs available and young people's expectations

Young people who have gone through the school system expect to find office jobs but these are very limited. Addressing this requires improving the **relevance and performance of Technical and Vocational Education colleges**, fostering partnerships between **government and the private sector** and the promotion of **private sector jobs** by the Job Creation Commission. It also involves facilitating business and entrepreneurial ventures by **reducing bureaucracy and improving access to credit**, as well as putting more emphasis on **non-farm rural investment** and supporting a more diverse range of occupations in the job creation schemes.

### 2. Promote safe and flexible part-time work for older adolescents

Many adolescents in their mid-teens work as well as attend school, especially those from poorer families, who need to earn income to support their families. **Options for more flexible schooling**, including shift, part-time, evening and weekend, and distance learning should be more readily available, while ensuring that quality is not compromised. Preventing harmful and underpaid child labour requires the **promotion and regulation of appropriate work for adolescents**.

### 3. Address the barriers to women's active involvement in the labour force

Young women are under-represented in the labour force. Redressing this imbalance requires **greater promotion of education and training, and of equal working opportunities, for girls and women**. Women who do work outside the home face challenges in combining domestic work and childcare with paid and income-generating work, and many are obliged to give up other work when they get married or have children. Improving women's opportunities requires **more flexible working conditions**. It also requires an improvement in **childcare services**, without which women are unable to leave the home. Furthermore, there is a need for more general changes in **social norms relating to paid and unpaid work** and the division of labour between women and men in the home.

### 4. Improve working conditions and pay in agricultural and industrial work

Agricultural and industrial development have created more job opportunities for young people. However, in some cases **health and environmental risks require further monitoring and mitigation measures**. Low pay and in some cases poor working conditions mean that many young people only engage in such work if they have no other options. **Further regulation of working conditions is required, while workers' pay and conditions should be improved**.

### 5. Safeguard and improve the livelihoods of the poorest and most vulnerable young people

Young men and women from very poor families and those facing economic or social shocks are more likely to do wage labour and work in low-paid menial jobs. **Providing better opportunities for their education, training and work, and improving access to credit and social protection** for vulnerable families can help prevent these young people from dropping out of school early and enable them to combine school and work, find appropriate work or establish their own businesses.

### 6. Address challenges with the youth co-operative model

The MSE cooperative model of youth group job creation faces a number of challenges. The limited involvement of graduates requires **the types of work included in the scheme to be rethought. Non-farming rural enterprises and individual businesses should be supported**.

The de facto exclusion of women in many youth groups requires the **promotion of types of work in which women can engage, establishing more women's groups and prioritising young women's private enterprises**.

### 7. Improve cooperative group and loan modalities for young people

- Broaden the scope of what loans can be used for to better address youth preferences.
- Enable existing self-initiated groups to form cooperatives.
- Remove the requirement for parental loan guarantees.
- Reduce bureaucracy and red tape and prevent nepotism and corruption in the setting up and running of group and individual businesses.

Most importantly, **the job creation model needs recalibrating to put more emphasis on supporting individual businesses and entrepreneurship**.



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