



Fair Pay, Fair Work: Prioritising Job Quality and Women’s Economic Empowerment alongside the Minimum Wage Debate in Ethiopia

Overview

The ongoing debate in Ethiopia over introducing a minimum wage offers an important opportunity to put job quality and women’s economic empowerment at the centre of labour market policy discussions. While supporters and critics present differing views on the potential economic and livelihood impacts, this brief does not advocate for or against establishing a minimum wage, nor does it propose a specific level. Instead, it argues that any wage policy must be accompanied by broader measures that address job quality and persistent gender inequalities, drawing on new evidence from the Young Lives study and building on over two decades of longitudinal research.

Findings from Young Lives’ Round 7 survey (2023–24) on young people’s job quality and job preferences indicate that non-wage aspects of work are highly valued (Scott and Tanima, forthcoming 2026). When asked to choose between hypothetical jobs that differed in pay, hours, contracts, flexibility and workplace gender composition, many young people were willing to accept lower wages in exchange for formal written contracts, full-

time employment and other indicators of better job quality. Young women, in particular, placed strong value on working in environments that are not dominated by men.

Young Lives longitudinal research shows that young people are experiencing uneven and uncertain transitions from education to work (Favara *et al.*, 2026). There are limited opportunities for Ethiopia’s rapidly growing youth population to secure stable jobs, leaving many young people unemployed, underemployed or trapped in insecure and underpaid occupations. Gender inequalities in employment remain stark. Young women are more likely to be not in education, employment or training (NEET), earn lower wages, are less likely to hold formal jobs and remain underrepresented in high-productivity sectors. This is predominantly driven by young women’s disproportionate share of unpaid care work (Tanima, 2025), and likely to be exacerbated by the limited availability of childcare in the workplace. Recent shocks and crises – including the COVID-19 pandemic and especially conflict – have widened these gaps.

Evidence from Young Lives’ sixth wave of qualitative research (Qual 6) in 2025 shows how cumulative crises have further intensified these challenges (Tafere *et al.*, 2026; Ford *et al.*, 2026). Conflict in northern Ethiopia has

severely disrupted economic activity and destroyed many young people's livelihoods, with widespread inflation and unemployment – and underemployment – contributing to demoralisation and a growing desire to migrate. Many young people in rural areas have no options apart from precarious agricultural and manual work, while those in urban areas can access a wider range of opportunities but face intense competition and low wages.

Introducing a minimum wage without complementary measures to improve overall job quality and enhance women's economic empowerment is unlikely to achieve the full and productive employment and decent work for all set out in Sustainable Development Goal 8 (SDG 8). A more holistic approach is needed, aligned with the International Labour Organization (ILO)'s Decent Work Agenda, which emphasises fair wages, secure employment, equal opportunities and safe working conditions (ILO, 2025a). This includes:

- **promoting better job security** through written contracts and decent working conditions;
- **strengthening protections against excessive hours** to safeguard workers' rights;
- **enabling women's participation** by promoting flexible work, childcare, parental leave and valuing unpaid care work; and
- **supporting women in male-dominated sectors** by promoting inclusive workplaces, eliminating discrimination and challenging gender stereotypes.

Young Lives study and Qual 6 in Ethiopia

Young Lives has been following the lives of 12,000 young people in Ethiopia, India, Peru and Vietnam, from infancy into early adulthood, since 2001. In each country, the study is divided into two age groups: 2,000 young people born in 2001 (the Younger Cohort) and 1,000 born in 1994 (the Older Cohort).

In Ethiopia, the study collects data from 20 sites across Addis Ababa, Amhara, Oromia, Tigray and the former Southern Nations, Nationalities and Peoples' Region (SNNPR), now located within the Central Ethiopia Regional State, South Ethiopia Regional State and Sidama Region. The sample has a pro-poor bias, focusing on food-insecure sites and including both rural and urban poverty.

Young Lives has also conducted in-depth longitudinal qualitative interviews since 2007 with a subsample of young people, their families and communities located in seven sites across Addis Ababa, Amhara, Oromia, Sidama and Tigray.



Young Lives findings

Young people are experiencing difficult transitions from education to work

Young Lives longitudinal evidence shows that young people in Ethiopia are experiencing uneven and uncertain transitions from education to work, with entry into the labour market often fragmented and challenging. Young people who dropped out of school are left poorly prepared for the labour market, and more likely to be locked into casual, unsafe or unpaid work (Favara *et al.*, 2026). At the same time, many university graduates report being dissatisfied, mainly due to underemployment and a mismatch between their skills and expectations, and available job opportunities (Tafere *et al.*, 2026; Ford *et al.*, 2026).

Most young people experience poor job quality, low job satisfaction and high un(der) employment

Ethiopia's youth population is growing rapidly, but most available jobs remain informal and insecure. Young Lives' Round 7 data collected in 2024–25 shows that only 10% of workers surveyed had a written contract, while around 15% were self-employed (Tanima, 2025). Young people also reported long working hours, averaging about 44 hours per week, with over one-third (37%) working excessively long hours – defined as more than 48 hours per week.

There are substantial disparities between urban and rural areas. Young men and women in urban areas are three times more likely to have written contracts (15% compared to 5% in rural areas) and less likely to be self-employed (13% versus 16%). However, urban workers tend to work significantly longer hours, averaging 51.5 hours per week compared to 36 hours in rural areas, and the proportion working excessive hours is more than double (52% versus 22%). Notably, formal written contracts were almost non-existent in the conflict-affected region of Tigray, where only 3% of workers had such contracts.

Job satisfaction remains relatively low, with only about half of workers (52%) reporting that they were satisfied with their jobs. Job satisfaction was somewhat higher among young men (55% compared to 48% of young women) and among rural workers (55% compared to 49% in urban areas).

At the same time, more than one-third (36%) of employed young people reported wanting to work additional hours, despite already averaging 40.5 hours per week. This suggests widespread underemployment, with a significant proportion of the workforce struggling to make ends meet despite working long hours.

Young people value formal jobs and full-time work

Young Lives' innovative survey methods to understand work preferences

To understand what young people value about their work, participants were asked to compare hypothetical jobs that differed in pay and conditions – such as hours, contracts, flexibility and workplace gender balance. This approach, known as a 'stated-preference experiment', randomly presents job options and uses econometric analysis to estimate how much pay individuals would trade for, or require, to accept particular job features (Wiswall and Zafar, 2018).

Evidence from Young Lives shows that written contracts are highly valued by young women and men; participants indicated they would be willing to give up over one-third of their wages for job security in the form of written contracts (Scott and Tanima, forthcoming 2026) (Figure 1).

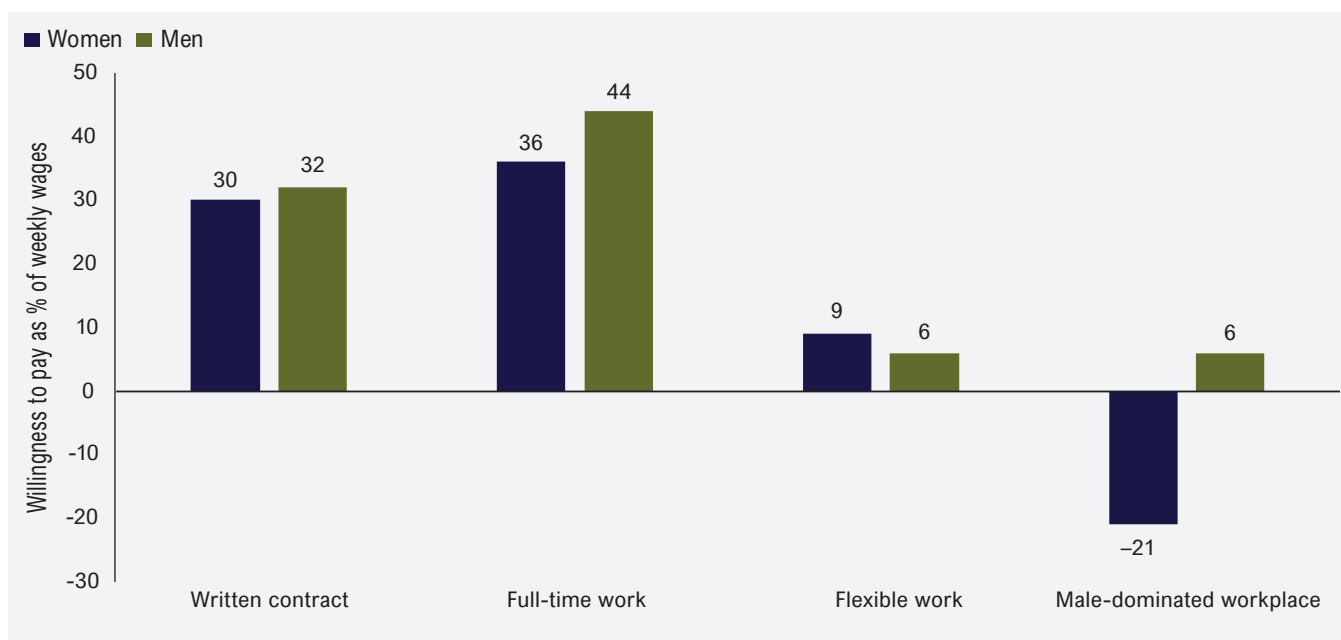
Moreover, most young men and women expressed a strong preference for full-time work, indicating they would also be willing to give up over one-third of their wages for full-time jobs. Flexible working hours were preferred by women, but they considered these to be less important than better job security in the form of full-time work or having a written contract.

Young women show a strong preference for female-dominated workplaces

The most significant gender difference in job preferences is related to the composition of the workplace. Women expressed a strong preference for female-dominated workplaces and indicated they would need about 21% higher pay to accept jobs where most co-workers are men. In contrast, men expressed no clear preference and were largely indifferent as to whether workplaces were male-dominated, female-dominated or gender-balanced.

Similar gender patterns were found across rural and urban participants, as well as between the poorest and least-poor participants.

These findings show that low wages are just one aspect of labour market challenges; factors such as job security, working hours, access to childcare and overall working conditions are equally important for improving employment outcomes, along with the balance between paid and unpaid care work – particularly for young women.

Figure 1. Preferences for job characteristics by gender

Young women continue to be disadvantaged in the labour market

Young women face greater barriers to entering the labour market and are significantly less likely to be employed than young men. Young women are more likely to be NEET, earn lower wages, are less likely to hold formal jobs and remain underrepresented in high-productivity sectors. By age 22, 24% of Younger Cohort women were NEET, compared to only 9% of men at the same age (Tanima, 2025). This is largely due to unpaid domestic and childcare responsibilities, and likely to be exacerbated by the limited availability of childcare in the workplace.

Gender inequalities in unpaid care work emerge in childhood and widen significantly during adolescence and young adulthood. Young Lives' evidence shows that, by age 22, Younger Cohort women were doing over three times more unpaid care work than young men – averaging 3.2 hours more per day (Tanima, 2025). Data from the Older Cohort shows an even wider gap of 5.3 hours by age 29 (Ford *et al.*, 2025). Increased time spent on unpaid care work has a significant effect on women and girls' experiences and long-term outcomes, restricting opportunities in both education and paid work, as well as reducing available leisure time. Women and girls from poor households and rural areas do more unpaid care work than those from less poor households and urban areas. Marriage and motherhood, especially at a young age, also reinforce the gendered division of unpaid care work.

Moreover, **clear gender disparities exist in employment quality, with young women at a significant disadvantage.** Young Lives' Round 7 data shows that employed women are significantly more likely than men to work excessively long hours (more than 48 hours per week), with 43% doing so compared to 34% of young men. They also work, on average, around 4 hours more per week than their male counterparts (46.5 hours compared to 42.5 hours).

Shocks and crises are limiting job opportunities and exacerbating the gender employment gap

Conflict and war in northern Ethiopia have severely disrupted economic activity and destroyed many young people's livelihoods. Widespread youth unemployment developed during the conflict and has persisted in the post-conflict period, contributing to demoralisation and a growing desire to migrate. Young Lives' qualitative evidence suggests that institutional support for youth employment is inconsistent and undermined by structural barriers and limited resources, leaving young people without meaningful pathways to secure work (Tafere *et al.*, 2026).

Evidence from Young Lives shows that the gender employment gap increased significantly during the COVID-19 pandemic, with additional unpaid care work being the single most important factor behind women's slower economic recovery compared to men. In Ethiopia, 70% of young women reported spending more time on household duties during lockdown, compared to only 26% of young men (Favara *et al.*, 2022). Furthermore, 34% of 22-year-old women identified unpaid care work as the main reason for not looking for paid employment, while virtually none their male counterparts cited this reason (Ford, von Russdorf and Ahlborn, 2023).

Climate-related shocks – including severe droughts and floods – could further deepen these inequalities by increasing women's unpaid workloads, such as additional childcare during school closures and more time spent collecting firewood and clean water, and constraining their access to income-generating opportunities. Structural inequalities affecting women and girls' skills, job choices and earning expectations also risk excluding young women from emerging opportunities in the green economy (Curtin *et al.*, 2025).



Policy implications

While there has been much debate about establishing a minimum wage in Ethiopia, less attention has been given to broader aspects of decent work, such as job quality, gender equality and workplace culture. However, these factors are equally important for meeting SDG 8 targets on full and productive employment and decent work for all. In response, the ILO has led several recent initiatives promoting decent work in Ethiopia, including in the agricultural and garment sectors (ILO, 2025b; 2025c; 2024a).

Improving job quality and addressing labour market inequalities – particularly in relation to promoting women's economic empowerment – requires a broad and inclusive approach, including:

- **promoting better job security**, by ensuring employees' rights to a formal written contract guaranteeing decent work conditions. Expanding formal sector employment can increase productivity, youth participation and job satisfaction. This is especially important for protecting the livelihoods of young people in the face of conflict and other compounding shocks and crisis – especially those from the poorest households and in rural areas – and reducing reliance on low-paid informal work.
- **improving safeguards against excessive work** to ensure that workers' rights are respected and prevent employers from requiring employees to work beyond reasonable work hours.
- **encouraging women's participation in the labour force** by promoting flexible work arrangements, recognising and valuing unpaid care work, and promoting policies such as parental leave and quality childcare provision within or near the workplace.
- **addressing occupational and sectoral gender segregation** by enabling women to access and fully participate in traditionally male-dominated workplaces – including in new green industries. This requires promoting inclusive work cultures that actively challenge discrimination, eliminating gender bias in the labour market and addressing stereotypes about what is considered 'appropriate' work for women.

Related policy recommendations identified in Young Lives' Qual 6 research (Ford et al., 2026) include:

- **addressing the mismatch between available jobs and young people's skills and expectations.** This requires aligning curricula with labour market needs and national development goals, improving the quality of higher education – including university and technical and vocational education and training (TVET) courses – and fostering partnerships between government and the private sector, including the promotion of private sector jobs by the Ministry of Labor and Skills. Investing in life skills and socio-emotional learning is also important for pursuing higher education and securing decent jobs, and to promote gender equality and women's economic empowerment.
- **improving the quality of higher education requires a coordinated approach to strengthen teaching, course relevance and institutional capacity.** This includes investing in the professional development of academic and teaching staff, creating supportive learning environments and strengthening leadership across higher education institutions.
- **underpinning efforts to improve access to quality higher education by sustained investment in early childhood, primary and secondary education.** Young Lives evidence shows that affordable access to quality pre-primary education plays a critical role in skills development and foundational learning throughout childhood, with long-term benefits for school enrolment and grade progression, right through to completing secondary and higher education.
- **promoting and regulating age-appropriate work for adolescents** by expanding high-quality flexible schooling options, such as shift-based, part-time, evening, weekend and distance learning. This can help young people balance school with working part-time to support their families, and prevent harmful and underpaid child labour.
- **targeting social protection to help prevent young people from dropping out of school and support young people** to balance education with work, secure decent jobs or start their own businesses.
- **promoting business opportunities for young people** by making it easier for them to establish small enterprises. Measures could include reducing bureaucratic barriers, improving access to credit and finance, and considering tax exemptions for start-ups. This is especially critical in areas where conflict has severely reduced the number of available jobs and could help mitigate rising levels of migration driven by precarious livelihoods.
- **strengthening support for non-farm rural enterprises and individual businesses** through expanded training and financing programmes, alongside measures to address women's exclusion and prioritise enterprises led by young women.
- **reducing reliance on low-paid informal work** by broadening job creation schemes to boost youth participation and job satisfaction, especially for young people from the poorest households or those affected by shocks.

The minimum wage debate in Ethiopia

While over 90% of countries worldwide have established a minimum wage, Ethiopia remains one of only four countries in Africa (the others being Eritrea, Somalia and South Sudan) without a national minimum wage system (ILO, 2024b).

Proponents argue that minimum wages can help reduce poverty, narrow wage inequalities, ensure workers receive fair compensation for their labour, and stimulate consumption and productivity. In Ethiopia, trade unions and the ILO have advocated for the introduction of a minimum wage for decades. The issue has recently gained renewed prominence following the Federal Civil Service Commission's announcement that, from September 2025, government employees will receive salary adjustments including a minimum wage, an initiative intended to boost productivity, improve livelihoods and strengthen integrity within the public sector (Fana Media, 2025).

Critics of minimum wage systems caution that they can reduce employment opportunities, particularly for vulnerable groups such as young people and women, push workers into informal sectors where protections are weaker, and undermine the economy's competitiveness. In Ethiopia, previous reluctance to introduce a minimum wage has partly reflected a strategy to attract foreign direct investment by maintaining low labour costs, especially following the establishment of the Industrial Parks Development Corporation (IPDC) in 2014 and the rapid expansion of industrial parks across the country.

Introducing a single national minimum wage in Ethiopia could be challenging given the wide disparities between urban and rural areas, as well as across the public and private sectors and the formal and informal economies, including differences between jobs within and outside industrial parks. Any fixed rate would also require frequent adjustments in the context of high inflation and currency devaluation. While low wages have helped to attract foreign investment, they often coexist with poor working conditions and persistent gender inequalities (Policy Studies Institute and National Graduate Institute for Policy Studies, 2020).

As a result, introducing a minimum wage alone may be insufficient to address poor job quality, gender inequality and low productivity.

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Young Lives, Oxford Department of International Development (ODID)
University of Oxford, 3 Mansfield Road, Oxford OX1 3TB, UK

www.younglives.org.uk

Tel: +44 (0)1865 281751 • Email: younglives@qeh.ox.ac.uk • Twitter: [@yloxford](https://twitter.com/yloxford)

