

**Youth Employment and Government Job Creation Policy: Youth's Perception, Intention, Opportunities and Constraints in Southwest Part of**

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**Abstract**

Youth unemployment is an urgent priority issue for every country. It is priority not only to foster the economic development of a given country but also for peace. Nevertheless, youth unemployment is one of the major problems for most African countries including Ethiopia. Bearing in mind the importance of youth employment, the purpose of the study was to assess perception, intention, opportunities and constraints of youth employment and government job creation programs in southwest part of Ethiopia. Accordingly, questionnaires were distributed to a total of 262 youths from Benchi-Maji, Kaffa and Sheka zones. Qualitative and Quantitative data were generated and analyzed. The result indicated that in general youths had high perception towards employment and government job creation programs and high intention to engage in the available jobs created by the government. Concerning the effect of background variables on youths' perception towards employment and government job creation programs the result revealed that background variables like family financial income, awareness about the presence of job creation program for youths in the area, attending job creation training and having intention to engage in the available job opportunities had statistically significant effect on youths' perception towards employment and government job creation programs. However, back ground variables like zone, gender, age, employment status, educational level and family occupation did not have a statistically significant effect on youths' perception towards employment and government job creation programs. In addition, qualitative data showed that better financial support from the government through credit, trainings, provision of space/shelter for work, provision of advisory and consultancy services to those youths who are working in Micro and Small Enterprises (MSEs) were the major opportunities for youths that encouraged them to engage in the available job opportunities created by the government. Furthermore, problems related to lack of skills relevant to work, lack of information about job creation programs especially youths from rural areas, long time to get credit from credit associations, lack of commitment from both sides; youths and stakeholders who work in the government job creation program, and problems related to creating demands to those products produced by MSEs were the major constraints in youth employment and government job creation programs. Finally, the implications of making needed improvement to the government youth employment policies and interventions thereby to promote economic growth and create a stable social and political environment in the country were also identified.

**Key words: Youth, employment, perception, intention, opportunities, constraints**

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## **1. Introduction**

Youth unemployment is an urgent priority for every country. It is priority not only to foster the economic development of a given country but also for peace building (World Bank, 2008; UN, 2009). Nevertheless, youth unemployment is one of the major problems for most African countries including Ethiopia. According to World Bank (2007), youth employment remains 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. Youth unemployment and underemployment is often higher than the unemployment rate for adults (Klugman, 2005; Broussard & Tsegaye, 2012).

Looking at the trend of youth unemployment rate in Ethiopia from 1999 to 2011 at a glance, in general, unemployment in urban areas remain widespread, it declined markedly since 1999 for the economy as a whole and for youth (Broussard & Tsegay, 2012). Between 1999 and 2005, the labour market in Ethiopia improved; labour force participation and employment rates went up, unemployment and underemployment rates went down. According to CSA (2005) youth unemployment rate was 28.77% and 4.08% in urban and rural areas respectively in the year 2005, which is urban unemployment rate was very much higher than rural youth unemployment.

In the year 2004 to 2011 youth unemployment rate declined from 31.5% to 23.7%. (CSA, 2004-2010). In other words, between 1999 and 2011, urban unemployment rates fell by 8 percentage points (Broussard & Tsegaye, 2012). In 2011, youth employment rates were between 11 and 21 percentage points lower than the urban average. Unemployment rates were between 6 and 10 percentage points higher for urban youth than the urban average. For informal sector employment, urban youth are slightly more likely to be employed in the informal sector (Broussard & Tsegaye, 2012).

Several causes or reasons could explain youth unemployment in developing countries. For instance according to Genet (2003), the most important factors contributing to the problem of youth unemployment in Ethiopia could broadly be classified into demand side problems, supply side problems, policy related problems, and other problems that emanate from the very characteristics of the youth itself.

In addition, mismatch of education and training skills with the requirements of the labour market is another important reason for the high level of youth unemployment in developing countries like Ethiopia (Getinet, 2003). This mismatch of education and training skills with the requirements of the labour market as cause for youth unemployment seems to relate with a type of unemployment called structural unemployment which is basically the mismatch of available labour skills and the demands of the economy. Similarly, according to the micro-level human capital theory, the lack of skills and knowledge for employment is the main cause of youth unemployment, so the key solution is to provide youth training schemes (Hung, 2002).

Furthermore, a lack of available jobs suited to entry-level skills may lead to youth unemployment. In some labor markets, especially in the developing countries like Ethiopia, there is simply a

demographic mismatch between the number of young people seeking work and the level of local economic activity. Most available work may be in informal or underdeveloped industry sectors (Klugman, 2005; Machin & Manning, 1998; Hung, 2002).

Youth unemployment could have several negative consequences to the person who is unemployed, to his/her family, to the community and to the society at large. Some studies on the adverse effects of unemployment on the well-being of the youth showed that unemployment is more likely to have a discouraging effect on the youth. Such discouraging effect leads to poor performance in terms of acquiring new skills and at job interviews, if and when such opportunities are available. These in turn make future employment a daunting task, as the discouraged youth will face a lower job offer probability than other youth and/or adults with no prior unemployment experience (Korpi, 1997; Blanch flower, 1999; Bradley & Nguyen, 2003 as cited in Getinet, 2003).

Higher level of unemployment in general and youth unemployment in particular is related to social problems such as petty crime, drug abuse, and social unrest. The sense of desperation that youth unemployment creates also leads to strained relations within families and beyond. Such strained relation leads to isolation of the youth from the adult population. This in turn paves the way for engaging in risky activities that are proving costly in many ways (Getinet, 2003). A study conducted by Uddin and Osemengbe (2013) showed that unemployment in Nigeria among youths are caused by six major problems and six major effects which has created tension and hatred between the haves and have not, leading to communal clashes and the rise of such groups such as Book Haram, Niger Delta Militant, armed robbery, prostitution and child trafficking constituting hiccups to security of lives and properties.

Thus, there is a need to fight youth unemployment. Fighting youth unemployment in Ethiopia requires the development of new opportunities for youth through the job creation and growth of enterprises. Creating employment opportunities for youth means to use the youth as a key development tool as well as to avoid the frightening cause of miserable poverty. In other words the inability to empower and utilize the youth in the development process is the root cause for our poverty. According to Mammo (2003), it is only when the youth are educated and transformed in to productive labor power and well-cultured citizens that they can commit themselves to their wellbeing as well as the overall welfare of their society.

It seems that the Government of Ethiopia now better understands the potential power of the youth as a tool to fight poverty. This understanding has now reflected by the country's five years development plans which emphasize creating employment and income-earning opportunities in the modern sector, the informal sector, and on farms with special attention given to youth and women.

According to Broussard and Tsegay (2012), the 2005/6-2009/10 plan, A Plan for Accelerated and Sustained Development to End Poverty (PASDEP), explicitly acknowledged the issue of the labour market and unemployment, particularly youth unemployment, by incorporating in the plan the Education, Training and the Employment of Youth sections of the 2004 National Youth Policy (FDRE, 2004). The plan focused on job creation through private sector participation, with particular

emphasis given to Micro and Small Enterprises (MSE), based on their potential to create employment opportunities (Broussard & Tsegaye, 2012). The plan also addressed improving the quality of education and integrating Technical and Vocational Education and Training (TVET) with the job requirements of the economy, which were identified as key problems leading to rising unemployment particularly in urban areas (Broussard & Tsegaye, 2012).

In addition, the Government of Ethiopia gives great emphasis to employment creation by introducing different policies and strategies. For example, using the Ethiopia National Employment Policy and Strategy (NEPS) (2009), the government tries to generate employment to youth from two major dimensions: from demand side and from supply side of job creation. The demand side of job creation refers to the ability of the economy to create jobs for various skill categories as per the requirement of the economy. The supply side of job creation deals with whether or not the skill levels of available pool of persons match with the type of skill that the economy requires (Martha, 2012). On the demand side, the government planned to accelerate private sector development for employment generation and ensure effective and efficient public sector employment. On the supply side, the government planned to improve and raising labor productivity (Tsegaye, 2013).

Moreover, in order to use the potential power of the youth as a tool to fight poverty, besides to the introduction of crucial policies and strategies related to job creation by the government, positive perception of youths towards those job creation policies and/or entrepreneurship and available job/business opportunities is very important. In this regard, Kew, Herrington, Litovsky and Gale (2013) stated that the positive or negative perceptions that society in general and youths in particular has about entrepreneurship/job creation program can strongly influence the motivations of youths to enter entrepreneurship. Similarly, Kruegar and Brazeal (1994, as cited in Brijlal, 2011) stressed that perceptions about entrepreneurship/job creation are extremely important and set the foundation for becoming an entrepreneur long before an individual actually makes the decision to become one. Thus, education and training about entrepreneurship/job creation may enable youths to have positive perception and interest towards entrepreneurs/ job creation at some stage after graduation.

On the other hand, even though youths are energetic and adoring in investing their maximum effort in particular rewarding work, many youths experience several difficulties and challenges in initial workforce entry that prevent them from succeeding in their endeavors. According to Kew et al. (2013), being young is sometimes a disadvantage all its own: preconceived notions that young entrepreneurs are inexperienced and ineffective can often overshadow the passion that is so critical to their success. At the same time, however, they face other significant barriers, including limited access to financing and capital, underdeveloped or insufficient skills and lack of mentoring support (Kew et al., 2013). In addition, Ethiopian youths face challenges due to the fact that employment services in Ethiopia are too weak to provide even basic services such as information to jobseekers and employers. They have not been able to keep up with the changing requirements of the labor market (Martha, 2012). Many jobs in Ethiopia are in the informal economy and, as a result, the vacancies are not recorded or registered with the PES (Martha, 2012). In addition, employment

offices are not equipped to provide jobseekers with reliable and up-to-date information on job opportunities: they lack technical and financial capacity, and they have insufficient infrastructure and utilities needed to operate the employment offices (Martha, 2012).

In summary, although the general trend of unemployment rate declined from 1999 to 2011, youth unemployment remains a challenge to Ethiopia (Broussard & Tsegay, 2012; World Bank, 2007). Major problems such as demand side problems, supply side problems, policy related problems, and other problems that emanate from the very characteristics of the youth itself were found to be youth unemployment causes in Ethiopia (Getinet, 2003). These major problems cause the youths to be unemployed and in turn unemployment by itself has a discouraging effect on the youths and lead them in to social problems such as crime, drug abuse, and social unrest (Getinet, 2003; Uddin & Osemengbe, 2013). Instead, it is wise to use the potential power of the youths as a tool to fight poverty through empowering, creating employment opportunities, minimizing employment barriers and enhancing the positive perception of youths towards the created business opportunities. Here, the concern is that the Government of Ethiopia has shown substantial growth and job creation in urban and rural areas to absorb new young labour market participants by introducing curial employment policies and strategies. Therefore, this calls for a careful study of youths' perception about job creation programs and available job opportunities, the intention of youths to engage in self-employment, the main opportunities and barriers for youth employment.

### **Statement of the Problem**

As mentioned in the introduction section, several studies (Mroz & Savage, 2001; Korpi, 1997; Blanch flower, 1999; Bradley & Nguyen, 2003) have confirmed that youth unemployment has negative consequences. For instance, Mroz and Savage (2001) found that those experiencing unemployment at an early age have years of lower earnings and an increased likelihood of unemployment ahead of them. In addition, study results (Korpi, 1997; Blanch flower, 1999; Bradley & Nguyen, 2003 as cited in Getinet, 2003) showed that unemployment is more likely to have a discouraging effect on the youth. Other study by Uddin and Osemengbe (2013) found that youth unemployment has created tension and hatred between the haves and have nots and leading to communal clashes. Similarly, it has been found that higher level of youth unemployment is related to social problems such as crime, drug abuse, and social unrest (Getinet, 2003). Moreover, youth unemployment means loss of an important component of human capital and forgone output that the youth could have produced.

On the other hand, using the potential power of youths' means fighting poverty and endorsing the economic growth of the country and this in turn creates a stable social and political environment in the country. Considering this, the Government of Ethiopia has introduced different youth employment and job creation policies and working hard to minimize youth unemployment problem. This demands assessing the effectiveness of these youth employment and job creation policies from youths' perspective. This is because effective youth employment policies and interventions require

a thorough understanding of government job creation policies and job opportunities from unemployed youths' perspective; their perceptions, intentions, opportunities and constraints.

In addition, there are few or no studies that address job creation policies and job opportunities from unemployed youths' perspective. Most of the studies focus on incidence of youth unemployment in specific areas of urban or rural (Getinet, 2003) youth unemployment (Broussard & Tsegay, 2012; Klugman, 2005) and employment challenge in Ethiopia (Msatrha, 2012) mainly from policy aspect. In order to make the needed improvement or to assess the effectiveness of the available government youth employment policies and interventions thereby also promote economic growth and create a stable social and political environment in the country, studying job creation policies and job opportunities from unemployed youths' perspective become very mandatory. Therefore, this study addressed the following research questions.

### **Research Questions**

- What is the perception of youths towards those job creation programs and available business/job opportunities in urban and rural areas of Benchi-Maji, Kaffa and Sheka zones?
- What is the intention of youths to engage in self-employment activities a result of the introduced job creation programs and available business/job opportunities in urban and rural areas of Benchi-Maji, Kaffa and Sheka zones?
- What are the possible opportunities of youths to engage in self-employment activities as a result of the introduced job creation programs and available business/job opportunities in urban and rural areas of Benchi-Maji, Kaffa and Sheka zones?
- What are the constraints of youths that hinder them not to engage in self-employment activities in urban and rural areas of Benchi-Maji, Kaffa and Sheka zones?

### **Significance of the Study**

After conducting this research, the findings are expected to;

- Help the government of Ethiopia as a feedback about youths' reaction towards the introduced job creation programs and business opportunities.
- Make policy makers aware whether there is a need to revisit youth job creation policies and business opportunities so as to fit the capacity and interest of youths.
- Make youths aware about the available job/business opportunities in the area.
- Serve as a spring board to those researchers who will be interested to conduct a large scale study related to the topic at hand.

## **2. Methodology of the Study**

### **Design**

On the basis of purpose, Babble (2006) categorized social science research as exploratory, descriptive and explanatory. Accordingly this mixed, qualitative and quantitative research employed

descriptive research design with the intention of describing youths' perception, intention, opportunities and constraints towards job creation policies and business opportunities.

### **The Research Settings and Selection of Sample Participants**

The research setting was three zones, namely Bench\_Maji, Kaffa and Sheka zones, of the Southern Nations, Nationalities and Peoples' Regional State (SNNPR). These zones are mainly lowland areas with relatively high temperatures and low rainfall. They are particularly the landscape of agro-pastoralism.

Benchi-Maji and Kaffa zones include a total of 11 Woredas each and Sheka zone includes three Woredas. In the three zones, Bench\_Maji, Keffa and Sheka zones, approximately there were about 11,497 unemployed and 851,555 employed people whose age is 10 and above. However, the exact numbers of unemployed and employed youths (15-29) were unknown in the three zones. In order to collect quantitative data, the researchers selected a total of 262 youths as sample participants from the three zones. In addition, a total of 15 participants (5 from each zone) were selected randomly for the interview.

### **Instruments**

To get adequate information for the study, two types of instruments (self-reported questionnaire, structured interview) were used.

### **Questionnaire**

#### **Youth's Perception towards Job Creation and Business Opportunities Questionnaire**

This measure was composed of 15 items of Likert-type scale specifically designed to measure youth's perception towards job creation and business opportunities. It was constructed and developed by the researchers from relevant and related literatures in the fields. In addition, standardized scales, if any, were referred for the construction. Furthermore, in order to obtain valuable information for the construction, interview and focus group discussion were made with typical 10 unemployed youths from the target population concerning the general ideas on youth's perception towards job creation and business opportunities. The researchers' experience and observation were also used for the construction of this measure.

Youth's perception towards job creation and business opportunities questionnaire was a five-point Likert type scale. With this scale, participants were asked to mark each statement by choosing one of the five alternatives: strongly agree (SA) having a value of 5, Agree (A) having a value of 4, undecided (U) having a value of 3, Disagree (DA) having a value of 2 and strongly disagree (SD) having a value of 1. Each statement was clearly favorable or unfavorable. Negatively worded items were reverse coded while scoring. To establish the face and content validity of this measure, items were judged by three Mizan\_Tapi University staff members. In addition, the reliability of the scale was computed and found to be 0.77.

### **Interview**

To get adequate information about youths' opportunities that assist youths to be benefited from government job creation policies and business opportunities, structured interview was developed by the researchers and employed to sample participants. In addition, structured interview was also used to collect data about the constraints that youths face while they are struggling to be self-employed. The interviews were tape recorded.

### **Data Collection Procedure**

Before the actual data collection, all the zone and Woreda administrative offices were visited and rapport was established. Then, after getting permission from the concerned office, zone and Woreda administrative offices, the questionnaires were administered to participants found in each Woreda by the researchers and their assistances. The participants were informed about how to fill the questionnaire before the distribution. In addition, interview was made to sample participants from each Woreda and FGD was held at each zone.

### **Data Analysis Procedure**

For quantitative data, SPSS computer program was used to analyze the data. Using this statistical package, verities of descriptive and inferential statistics were employed. Means, percentages, correlations and standard deviations were used to describe data. T-test and F-test were used at the  $\alpha$ -level of 0.05. For the qualitative data (data collected through interview and FGD) thematic analysis was used.

## **3. Results**

### **Characteristics of the Respondents**

A total of 262 participants participated in this study. Among the total, 38.2% of participants were from Sheka zone, 31.7% were from Benchi-Maji zone and the remaining 30.2% of participants were from Kaffa zone. Regarding gender, the majority of participants, 67.9%, were male while the remaining minority of participants, 32.1% of participants were female. Concerning age, the majority of participants, 55.3%, were in the age range of 21-25. 26% of participants were in the age range of 26-29 while the remaining 18.1% were in the age range of 15-20. Regarding employment status of the participants, almost equal proportion of 41.6% and 40.5% of participants were unemployed and self-employed respectively. The minority of participants, 9.2%, 7.6% and 1.1% were having employment status of working in private organization, government organization, and working in business association respectively.

As far as the educational level of participants is concerned, the majority of participants, 40.5%, were having educational level of elementary school complete and below. 27.5% of participants were having educational level of high school and/or preparatory school complete. 22.9% of participants were having educational qualification of diploma whereas the minority of participants, 8.8% and 0.4% were having educational level of bachelor degree and MA/MSc degree holder

respectively. Concerning family occupation of participants, the majority of participants, 71.4%, were from farmer family, 13.7% were from family who work in private organization, 11.5% were from merchant family, 2.7% were from family member who work in business association.

For family income of participants, the majority of participants, 60.3% were from family member having average monthly income less than 2,000 Ethiopian Birr whereas the minority of participants, 0.8%, was from family member of having average monthly income of more than 10,000 Ethiopian Birr. Regarding whether there were job creation trainings in their area, the majority of participants, 60.3%, reported that there were job creation trainings in their area while the remaining minority, 39.7% reported that they never heard of any job creation trainings in their area. Finally concerning whether participants have taken job creation trainings available in their area, 51.9% of participants reported that they didn't take any job creation trainings available in their area while the rest 48.1% reported that they have taken job creation training available in their area.

### **Participants' Perception towards Government Job Creation Program/Policy**

*Table 1: Descriptive Statistics and One-sample t-test Analysis of Perception towards Government Job Creation Program/Policy*

	N	Mean	Std. Deviation	Test value/H. Mean*	df	t	Sig
Perception	262	56.2481	8.20543	45	261	22.19	0.000

\*Hypothetical mean

Table 1 shows that the calculated mean score of perception was 56.25 and the hypothetical mean score of perception was 45. This means in 15 items of a 5-point Likert scale the possible score ranges from 15 (15 x 1 = 15) to 75 (15 x 5 = 75) and the hypothetical mean score becomes 45 (15 x 3 = 45). The calculated mean score was greater than the hypothetical mean score. One sample t-test result shows that there was a statistically significant mean score difference between the hypothetical mean/test value and calculated mean,  $t = 22.19$ ,  $df = 261$ ,  $p < 0.05$ . This implies that the participants' level of perception towards government job creation program/policy was high.

### **Intention to Participate in Job Creation Program/Policy**

**Table 2: Frequency and Percent of Participants Who Had and Had No Intention to Participate in Job Creation Program/Policy**

Response	Frequency	Percent
Yes	240	91.6
No	22	8.4
Total	262	100.0

As shown in table 3 among the total participants, the majority (91.6%) reported that they had the intention to participate/engage in government job creation programs which are available in their local areas. On the other hand, the minority of participants (8.4%) responded that they had no intention to participate/engage in government job creation programs which were available in their local areas.

### **Relationship between Background Variables and Perception about Job Creation Program/Policy**

A one-way between groups analysis of variance was used to explore the impact of background variables on perception about job creation program/policy. Preliminary assumption testing was conducted to check for normality, linearity and homogeneity of variance, and there was no serious violation noted.

Table 3: Mean difference between Groups of Background Variables on Perception about Job Creation Program/Policy

Background variables	Group	Mean	Std. Deviation	df	F	Sig.
Family income	Less than 2,000	158	55.6899			
	2,000 – 5,000	70	55.4429	3,258	5.447	.005
	6,000 – 10,000	32	60.5000			
Job creation training	Yes	158	57.6962			
	No	104	54.0481	1,260	12.966	.000
Taking job creation training	Yes	126	57.6349			
	No	136	54.9632	1,260	7.096	.008
Intention to engage in job creation program	Yes	240	56.6458			
	No	22	51.9091	1,260	6.867	.009

As shown in the table 4 above, ANOVA result indicated that there was no statistically significant perception about job creation program/policy means score between groups of background variables like zone, gender, age, employment status, educational level and family occupation. However, there was a statistically significant mean score difference between groups of family income, availability of job creation training in their area, taking job creation training on perception about job creation program/policy and intention to engage in job creation program.

There was a statistically significant perception about job creation program/policy means score difference among groups of participants' family income,  $F(2,259) = 5.45$ ,  $p < 0.05$ . Post-hoc group comparison using Turkey-HSD showed that perception about job creation program/policy mean score of participants coming from family members of having average monthly income of 6,000 Ethiopian Birr and above ( $M = 60.5$ ,  $SD = 8.85$ ) was significantly higher than perception about job creation program/policy mean score of participants coming from family members of having average

monthly income of 2,000- 5,000 Ethiopian Birr (M = 55.44, SD = 7.96) and less than 2,000 Ethiopian Birr (M = 55.69, SD = 7.95). However, there was no statistically significant perception about job creation program/policy means score between participants coming from family members of having average monthly income of 2,000- 5,000 Ethiopian Birr and participants coming from family members of having average monthly income of less than 2,000 Ethiopian Birr.

There was a statistically significant perception about job creation program/policy mean score difference among groups of availability of job creation program in their area,  $F(1,260) = 12.97, p < 0.05$ . The mean score of participants who reported “there is job creation program/policy in our area” (M = 57.70, SD = 6.93) was significantly higher than the mean score of participants who reported “there is no job creation program/policy in our area” (M = 54.05, SD = 9.45).

There was a statistically significant perception about job creation program/policy mean score difference between participants who took job creation training and those who didn’t take the training,  $F(1,260) = 7.09, p < 0.05$ . The mean score of participants who took job creation training (M = 57.63, SD = 6.46) was significantly higher than the mean score of participants who didn’t take the training (M = 54.96, SD = 9.45).

There was a statistically significant perception about job creation program/policy mean score difference between participants who had intention to engage in job creation program and those who had no intention to engage in job creation program,  $F(1,260) = 6.87, p < 0.05$ . The mean score of participants who had intention to engage in job creation program (M = 56.65, SD = 7.96) was significantly higher than the mean score of participants who had no intention to engage in job creation program (M = 51.91, SD = 9.68).

## **Qualitative Results**

Participants/youths and leaders working in the job creation program sector were interviewed about the opportunities and constraints of government job creation program/policy. The major opportunities and constraints were summarized as follows;

### **Major opportunities**

#### **Financial related supports**

- Financial support in the form of credit
- Change in the saving and credit system, e.g. changing the former 20/80 saving and credit system into 10/90.

#### **Training related supports**

- Access to work-relevant skills training to fill skill gap
- Entrepreneurship and business management training.
- Access to experience sharing with model MSEs within the zone and in outside the zones
- Provision of consultancy services to MSEs

#### **Infrastructure related supports**

- Provision of container, shade, electricity and water to start up business

- Provision of land for agriculture in rural areas
- Market access
- Provision of support to promote their product in trade fair
- Improvement in the work structure e.g. planning work structure that encourages the cooperation of stack-holders in the sector

#### **Other supports**

- Employing workers with educational qualification of BA degree to the sector
- Workers' attitude who work in the sector towards job creation program is getting better
- Youth job creation program is getting emphasis by the government

#### **Major Constraints**

##### **Attitudinal Problems**

- Attitudinal problem of youths related to the available job creation programs
- Attitudinal problem of youths related to saving
- Youths are not voluntary to engage in the available jobs
- Great expectation of youths to work related skill trainings and market access from the government

##### **Financial/Credit Related Problems**

- Problems related to financial support to youths
- Paying back their credit with the expected time period
- Problems related to Omo Micro Credit Association
- After saving 20% youths have to wait for two months to get credit service
- Youths do not want to announce their total capital to government because of fear of tax
- Imbalance between available financial budget and number of youths requesting credit

##### **Sector Workers Related Problems**

- Lack of qualified professionals in the sector
- Lack of training support to workers in the sector
- Lack of commitment and interest from the side of government workers and stack-holders in the sector
- High workers turnover due to work overload
- Continuous replacement of stack-holders and workers of the sector in the zone and Woreda
- Lack of work descriptions, as a result, workers in the sector do not know what to do

##### **Support Related Problems**

- Lack of enough work space like shade and container in urban areas and lack of ample land for agriculture in the rural area
- Jobs are not created by the government based on assessing the current market situation
- Problems related to marker access
- Problems related to support and follow up once youths are engaged in job/Problem related to business development service

#### **4. Discussion**

This study found that the participants' level of perception towards government job creation program/policy was high/positive. The current study also found that the majority of participants had the intention to participate/engage in government job creation programs which are available in their local areas. In consistent with the present finding, Moreno (2015) reported that more young Angolans perceive entrepreneurship/job creation in a positive rather than negative way. Similarly, survey respondents from Ghana were also very positive about entrepreneurs/job creation (Moreno, 2015). Furthermore, Mozambique's attitude towards entrepreneurs was mostly positive (Moreno, 2015). In general, Moreno (2015) reported that youths in Sub-Saharan Africans have a positive view of entrepreneurs and entrepreneurship/job creation. On the other hand, in contradict with the present finding, Herrington, Litovsky and Gale (2013) reported that the perceptions of job creation and good business opportunities amongst the youth are particularly low in the countries that have been badly impacted by the global economic crisis, i.e. in Hungary, Greece, Spain and Portugal.

It is true that if youths have positive perceptions towards job creation program, they are more likely to be motivated to involve in the job creation program and explore the available business opportunities in their local area. In relation to this, Herrington, Litovsky and Gale (2013) stated that the positive or negative perceptions that society has about entrepreneurship can strongly influence the motivations of people to enter entrepreneurship. Herrington, Litovsky and Gale (2013) stated further mentioned that societies benefit from youths who are able to recognize valuable business opportunities and who perceive they have the required skills to exploit them. If the economy in general has a positive attitude towards entrepreneurship, this can generate cultural and social support, financial and business assistance, and networking benefits that will encourage and facilitate potential and existing entrepreneurs (Herrington, Litovsky & Gale (2013).

Furthermore as stated by Bhorat, Cassim, Masumbu, Naidoo, and Steenkamp ( n.d.), one of the objectives of the Youth Development Policy is the creation of human resource development opportunities for the acquisition of demand driven skills and competencies for wage and self-employment. This entails preparation of youths for work; by ensuring quality basic education for all young women and men, and developing a demand-driven vocational and technical education system (Bhorat et al., n.d.). Therefore, there is a need to remove the negative perception of youths to be self employed by sensitizing them on the employment potentials in the private sector (Bhorat et al., n.d.).

The present study found that access to work related training, financial support, business management training, market access, access to land for agriculture, access to shade, container and work space to start up were the major opportunities provided by the government to facilitate youths' job creation program. These opportunities in fact are very crucial due to the fact that they play a great role in stimulating job creation and initiating youths to engage in jobs and business opportunities available in their local areas. This in turn will have a great imputes in enhancing the private sector development for employment generation/ job creation program. In line with this idea' Tsegaye (2013) stated that the government planned to accelerate private sector development for

employment generation and ensure effective and efficient public sector employment. In support of the present findings, Tsegaye (2013) stated that government support to private sector includes credit services, entrepreneurship and business management training, appropriate technology research, market support, information and counseling, business development services, and infrastructure provision, including roads, electricity, water, and access to land and workplaces.

In addition, in order to stimulate job creation program the central government is expected to develop policies which encourage innovation, skills, and business development. In line with this notion, OECD (2014) recommended that in order for new jobs to be created, businesses need access to skilled people, to business networks, to finance, and to space to start up and expand. To provide these supports to youths, central governments can manage a range of policies whose impact can reinforce each other and contribute to fulfilling economic potential, business expansion and social cohesion at the local level (OECD, 2014). Where national policies are sufficiently flexible and adjustable, local level actors can develop integrated approaches to growth, maximizing employment opportunities, and helping to tackle inequalities and social exclusion in their communities (OECD, 2014).

This study found that major problems like attitudinal problems, financial/credit related problems, workers related problems, support related problems were the major constraints that youths and workers in job creation program sector facing. In consistent with findings of the current study, Martha (2012) found that constraints related to infrastructure, credit, working premises, extension service, consultancy, information provision, prototype development, preferential treatment, and many others were constraints that hamper the growth of Ethiopian private sector in general and the MSEs in particular.

In addition a study by Moreno (2015) in sub-Saharan Africa showed that major barriers like corruption/lack of business transparency, lack of access to capital/financial system, government policies/bureaucracy, lack of business/technology infrastructure, and inadequate education system/insufficient were top barriers to entrepreneurship/job creation that youths in the sub-Sharan Africa facing. Moreno (2015) also stated that youths who engage in job creation program (entrepreneurs) are forced to contend with electricity shortages, infrastructure issues, lack of skilled labor and minimal access to capital, to name a few challenges.

Other study conducted in Uganda also indicated that constraints to youth employment and job creation program include an overwhelming demand for support from youth despite limited resources, limited investment options in certain areas of Uganda, and limited institutional support including weak extension services, production chains and market linkages (Magelah & Ntambirweki-Karugonjo, 2014). Youth appear to be facing barriers preventing some from turning ideas into projects. These barriers arise in the areas of social attitudes, lack of skills, inadequate entrepreneurship education, lack of work experience, under capitalization, lack of networks, and market barriers (Halabisky et al., 2012).The lack of initial capital and difficulty in obtaining finance from private lenders is often identified as the most significant barrier to business start-up for

entrepreneurs, and one that is especially severe for youth (EC, 2009). As regards loans, young entrepreneurs from disadvantaged backgrounds often find it difficult to borrow from banks, as they can offer neither collateral nor a track record of successful repayments. In response, governments have developed various finance programs designed to support young entrepreneurs (Halabisky et al., 2012).

## 5. Recommendations

Based on the findings of the study, the following recommendations could be given concerning possible changes in the provision of successful youth job creation program/policy by the central government in rural and urban areas of Ethiopia.

- The government should support cooperative enterprises (youths who engage in job creation program) by securing a supportive infrastructure that can help overcome barriers associated with lack of shade, container and access to associated start-up support.
- The government is expected to simplifying administrative procedures and regulations, particularly regarding organizing youths in cooperative enterprise, borrowing money from micro-finances and business start-up and registration.
- In order to tackle the barrier of lack of entrepreneurial knowledge, skills, attitudes and lack of prior work and entrepreneurship experience of youths, entrepreneurship skills programs must be planned and implemented at each job creation program sectors.
- Entrepreneurship skills programs should be placed within the education system and must be given as one subject with their aims varying across the different ages of students.
- Policymakers should focus and re-examine the role of entrepreneurship training within vocational training, including examining the way that vocational schools interact with cooperative enterprises, MSEs and industries in their local area.
- Change in micro-financing, which requires the cooperative enterprises and MSEs to repay the loan at a lower than market value interest rate.
- The lack of initial capital and difficulty in obtaining finance from Micro-finances and private lenders is often identified as the most significant barrier to business start-up for youths. Therefore, the governments should develop various alternative finance programs designed to support especially to those cooperative enterprises and young entrepreneurs from disadvantaged backgrounds that have difficulties to offer collateral to borrow from banks and Micro-finances.
- In order to minimize workers turnover due to work overload, the government should hire the required number of professional workers to each sector and plan incentives and salary increment to workers of the sector.

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