

**INDRA GANDHI NATIONAL OPEN UNIVERSITY
SCHOOL OF CONTINUING EDUCATION**

**THE ASSESSMENT OF ENTREPRENEURIAL CLIMATE ON
YOUTH UNEMPLOYMENT IN KOMBOLCHA WEREDA, SOUTH
WOLLO, ETHIOPIA**

**BY
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NOVEMBER, 2015

**ADDIS ABABA,
ETHIOPIA**

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**A THESIS SUBMITTED TO INDIRA GANDHI NATIONAL
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DEVELOPMENT (MARD)**

**BY
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**NOVEMBER, 2015
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DECLARATION

I hereby declare that the dissertation entitled "**THE ASSESSMENT OF ENTREPRENEURIAL CLIMATE ON YOUTH UNEMPLOYMENT IN KOMBOLCHAWEREDA, SOUTH WOLLO, ETHIOPIA** " submitted by me for the partial fulfillment of the M.A in Rural Development to Indira Gandhi National Open University, /IGNOU / New Delhi is my own original work and has not been submitted earlier either to IGNOU or to any other institution for the fulfillment of the requirement for any course of study. I also declare that no chapter of this manuscript in whole or part is lifted and incorporated in this report from any earlier work done by me or others.

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LIST OF ACRONYMS

ACEVO = Association of Chief Executives of Voluntary Organizations

CSA= Central Statistical Agency

EU = European Union

ILO= International Labor Organization

NEET= Neither in Education nor Employment

OECD = Organization for Economic Co-operation and Development

SME = Small and Medium sized Enterprises

UNDAF = United Nations Development Assistance Framework

UN = United Nations

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ABSTRACT

The study was conducted to assess local entrepreneurship climate on youth unemployment and to examine causes of youth unemployment at Kombolcha wereda.

Quantitative and qualitative data was used in the study. Both data was collected from 384 sample households who have their own small business in the study area. Descriptive statistics analysis was used to describe the youths' composition and characteristics.

From the study it was found that inability of the economy to generate adequate jobs, lack of technical skills, lack of experience, discrimination of the youth, irrelevant education system, inaccessibility to useful information on time, poor extension, marketing system and lack of access as the major causes for youth unemployment at the study area. At the same time it was found that the relation between entrepreneurial climate and youth unemployment was found to be negatively correlated which indicates that the more local entrepreneurial activities and business firms encouraged by the government, NGOs and youths themselves, the lower the incidence of youth unemployment rate in the city.

Key words: youth unemployment, entrepreneurship, entrepreneurship climate.

CHAPTER ONE

1. INTRODUCTION

1.1 BACKGROUND

Youth Unemployment became the terrifying challenging problem in the health of the economy throughout the world. It is just the fact of the world though the degree of duration differs from nation to nation; developing countries to developed nations. The youth unemployment rate is over 50 percent in Greece and Spain, over 30 per cent in Bulgaria, Italy, Portugal and Slovakia and a European average of 22 per cent. (Hans, 2012)

It is also obvious that youth unemployment has a negative impact on socio-economic growth of a given country especially, where number of youth labor population is higher. According to the International Labor Organization, three out of five unemployed people in Africa are young people. The unemployment rate is typically higher in developing countries, but has become a problem in countries around the world, including those in the global north.

Africa has the youngest population of any continent which means that the problem of youth unemployment there is particularly relevant. Approximately 200 million people in Africa are between the ages of 15 and 24. This number is expected to double in the next 30 years. Between 2001 and 2010, countries in Africa reported some of the world's fastest growing economies. (Gough, Katherine, Thilde L., George O. (2013))

According to Martin, Gary July 2009, when there is a general hiring freeze, the youth unemployment rate grows as youth move from school into work force. Youth are expected to have more education to compete for jobs than was true for previous generations, a phenomenon which is referred as credential inflation or academic inflation. In most developed countries young people are more likely to have temporary forms of work such as internships, seasonal jobs, contract work, and graduate research assistantships. Since such jobs are temporary contracts, youth are often the first to be laid off when a company downsizes.

Youths are vulnerable for job searching opportunity that obligates them to live back to their family where they belong. They are increasingly moving back in their parents when unemployed. This has been seen as both an effect and cause of high youth unemployment. (Martin, Gary July 2009)

Although this has been common in collectivist countries, it is growing increasingly in more individualist countries. In families, it is common that when one person becomes unemployed, other members of the family begin looking for or securing employment. This is more common in collectivist societies because family members support one another which is sometimes seen as one form of employment in the informal sector (Cho, Yoonyoung; Newhouse, David (2012))

Alongside the shift in youth living situations, the impact of returning to live with the parents as well as difficulty finding a fulfilling job lead to mental health risks. Being unemployed for stretches in youth have been correlated to decreased happiness, job satisfaction and other mental health issues. (Morsy, Hanan. 2002) At the same time some youth can end up with committed suicide because they feel that they are a failure and are of no importance to their communities. Unemployed youth also report more isolation from their community. (Hussainat, Mohammad. M.,Ghnimat, Qasem, Al-dlaeen, Marwan Atef R. 2012))

Ethiopia is one of the fastest growing-economies in the world and is second populous in Africa. Even if Ethiopia records the fastest economic growth yet the problem of job opportunity is critical due to high population growth and the imbalance between the qualified job seekers and the labor market absorption in the market or industry. Almost 50% of Ethiopian population is under the age of 18, and even though education enrollment at primary and tertiary level has increased significantly, job creation has not caught up with the increased output from educational institutes. To solve youth unemployment problem the government of Ethiopia opened different programmes. Among the programmes opened by the government of Ethiopia is Safety Net Programme which has Productive Safety Net Programme (PSNP) and Emergency Food relief, which provide support to 13 million people in rural areas. (UNDAF, 2011) . Other programmes in rural and urban areas cover approximately 2 million people leaving an estimated 15 million in

need of some minimum protection against livelihood shocks related to disasters, unemployment/loss of income, age, disability and HIV-AIDS. (UNDAF, 2011)

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 immigration to urban areas (World Bank, 2007).

In recent years, entrepreneurship has been claimed as major driver of economic growth in both United States and Western Europe. According to Paul Reynolds, September 30th 2007, founder of the Global Entrepreneurship Monitor, “by the time they reach their retirement years, half of all working men in the United States probably have a period of self-employment of one or more years; one in four may have engaged in self-employment for six or more years. Participation in a new business creation is a common activity among U.S. workers over the course of their careers.”

Good entrepreneurial climate is highly important for economic growth of the municipality and also to lower the unemployment rate through job creation in the nation. There is a negative relationship between an entrepreneurial climate and youth unemployment which is to mean the more entrepreneurs are happened in the nation the lower incidence of youth unemployment due to the availability of job opportunity for those who are looking for it having the required qualification.

Entrepreneurs are leaders willing to take risk and exercise initiative, taking advantage of market opportunities by planning, organizing, and employing resources, (Deakins and Freel 2012). Often by innovating new or improving existing products. (Jonson, D.P.M. (2005).

1.2 STATEMENT OF THE PROBLEM

According to the Euro stat data – from spring 2012 – paint a stark picture: over 50 per cent youth unemployment in Greece and Spain, over 30 per cent in Bulgaria, Italy, Portugal and Slovakia and a European average of 22 per cent. The danger of a »lost generation« is no longer merely the writing on the wall, but is becoming a terrifying reality. (Hans, 2012)

The problem of urban youth unemployment is rapidly assuming dangerous proportion in many developing countries including Ethiopia. Ethiopia has the largest youth population and youth labor force constitute a fast growing proportion.

With around 50% of the urban men between age 15 and 30 unemployed, Ethiopia has one of the highest unemployment rates worldwide. Unemployment is concentrated among relatively well-educated first time job seekers who come from the middle classes. Mean duration of unemployment is close to four years and is higher for those aspiring to a public sector job. The unemployed have realistic reservation wages.

Those living in Addis are less likely to become unemployed, and ethnicity has no effect. Those with a father working as a civil servant have shorter durations, suggesting that this provides an information advantage. The medium of job search also has a strong effect indicating that information is costly. Social networks only help after one has become unemployed. (<http://www.mongabay.com/history/ethiopia/ethiopia-unemployment.html>)

Unemployment rate in Ethiopia decreased to 17.40 percent in 2014 from 17.50 percent in 2012. Unemployment rate in Ethiopia averaged 20.26 percent from 1999 until 2014, reaching an all time high of 26.40 percent in 2014. (<http://www.tradingeconomics.com/ethiopia/unemployment-rate/> CSA, Ethiopia)

Kombolcha is one among those Ethiopian Districts that has high number of youths with less or no employment opportunities.

However there are some studies conducted at national level in different times that helped to give analyses on the youth unemployment which serves as an input for program implementation. Hence, the initiation of this study by the researcher is intended to address the missing gaps such

as causes of unemployment, opportunities for entrepreneur climate and low initiation towards job creating or entrepreneur practice that contributed its part for those who are at the front page of the issue.

1.3 SIGNIFICANCE OF THE STUDY

The purpose of this thesis is twofold. The first aim is to assess the subjects youth unemployment and local entrepreneurial climate through a qualitative study. This means that definitions are examined as well as causes, effects and possible solutions of youth unemployment; this is developed further in the first two research questions stated below. The second aim is to examine, through a quantitative study, whether there is a relationship between a good environment for firms and low unemployment figures for youths, and if so is it negative or positive?

A study on the assessment of causes of unemployment and entrepreneurial climate on youth unemployment is vital since it provides with information that will enable effective measures to be undertaken. It will also enable development practitioners and policy makers to have better knowledge as to where and how to intervene in rural areas to bring job opportunities or minimize the severity of joblessness.

Moreover the empirical analysis carried out in this study will also be expected to contribute towards better unemployment rate estimation. Hence such studies are important in that they could help in designing employment development programs and employment related policies.

1.4 HYPOTHESIS AND RESEARCH QUESTIONS

1.4.1 HYPOTHESIS

There is a negative relationship between youth unemployment and entrepreneurial climate in Kombolcha wereda.

There are a number of causes for the incidence of youth unemployment at Kombolcha wereda.

1.4.2 RESEARCH QUESTIONS

1. What is the relationship between youth unemployment and entrepreneurial climate?
2. What are the causes of youth unemployment?
3. What are the characteristics of youth unemployment?

1.5 OBJECTIVE OF THE STUDY

1.5.1 GENERAL OBJECTIVE

The overall objectives of the study are to examine causes of youth unemployment and the assessment of local entrepreneurship on youth unemployment rate at Kombolcha wereda.

1.5.2 SPECIFIC OBJECTIVES

- To identify causes of youth unemployment.
- To examine the relation between youth unemployment and entrepreneurial climate.
- To see how youth unemployment rate is affected by the local entrepreneurial climate.

1.6 SCOPE AND LIMITATIONS OF THE STUDY

Even if the problem of youth unemployment is the wider scope and a cross cutting issue of the whole Ethiopia; the study is limited to a single Wereda at a specified Kebeles at Kombolcha Woreda District.

The 'young unemployed' that may include students who would like to be in work but cannot find a job, but this thesis has a limitations and excludes young people who are not in education or work but not looking for employment either (the 'economically inactive').

The scope of this study is also limited by budget and other resource limitation. Even if the study will be restricted in terms of its coverage its outputs can be used as a spring board for more detailed and area specific studies.

CHAPTER TWO

2 LITERATURE REVIEW

2.1 CONCEPT, DEFINITION AND TRENDS OF YOUTH UNEMPLOYMENT

2.1.1 Conceptualizing and Defining 'Youth'

The standard UN definition of youth is those people who are between the ages of 15 and 24 inclusive. The age range designed by the United Nations addresses the period when mandatory schooling ends until the age of 24. (Martin, Gary (July 2009).

Two theoretical perspectives that have dominated the debate on defining youth are that of life stage/or youth transitions and youth culture perspective. The first perspective defines youth as a stage in life between adolescence and adulthood. The later perspective defines youth as a socially constructed group with their own sub-culture.(Gough, Katherine V., Thilde L, George O., 2013)

The standard ILO definition of the unemployed are “those people who have not worked more than one hour during the short reference period, which is usually the previous week or day, but who are available for or actively seeking work” (O’Higgins,1997, p. 3).

There is no agreed definition of ‘youth’. It is often understood to be the period of transition from childhood to adulthood, encompassing processes of sexual maturation and growing social and economic autonomy from parents and careers (Bennell, 2007). For operational purposes, it is sometimes defined with reference to age.

However, anthropologists and sociologists draw attention to the fact that social categories such as ‘adolescents’ and ‘youth’ are culturally and historically constructed (Thorsen, 2007), and can change over time and from one social context to next.

Within one geographical location or even household, views on who is included in the youth category may be a matter for negotiation and are closely related to how young people’s identities are shaped and perceived (Thorsen, 2007).

Studies on child migrants, for example, reveal that mothers, fathers and children may each have different ideas about the kinds of work that are appropriate for the child in question, depending on factors such as their gender and position in the family and kinship networks (Anarfi, 2005; Whitehead et al., 2007). Similarly, in the eyes of one community a young man without the resources to marry and establish a household may remain a youth longer than another of similar age, illustrating that age alone is an inadequate descriptor (Waldie, 2004).

Classification of young people into different categories is therefore closely related to context-specific norms and customs, such as rites of passage and assignment of social responsibilities, as well as individual drive to acquire independence, prestige and social status.

2.1.2 Trends of Youth Unemployment

According to CSA, 2012, the overall Ethiopian unemployment rate declined from 20.4 percent in May 2009 to 18.9 percent in May 2010 and reach to 18.0 percent in March 2011, and the rate further declined to 17.5 in March 2012. With regard to sex, the unemployment rate of male and female shows a downward trend during the four survey periods. However, female are more affected with the incidence of unemployment than male.

2.1.3 Youth Unemployment Rate in Urban Areas

According to the national context of Ethiopia, youth comprises those persons aged 15-29 years. As part of the society, youth are vulnerable to the problem of unemployment. The problem of youth unemployment is higher than any other group of the population in urban areas of the country, which, is confirmed by different survey findings. Youth unemployment rate was found 26.0 percent In May 2009 survey. However, the rate declined to 24.5 percent in May 2010 and further dropped to 23.7 percent in March 2011 and reach 23.3 percent in March 2012. (CSA, 2012)

With regard to sex, the unemployment rate of young male declined from 17.4 percent in May 2009 to 16.4 percent I March 2012. The corresponding young female unemployment rate also shows a downward trend from 33.9 percent in May 2009 to 29.6 percent in March 2012. Periodical analysis of unemployment among the young population displays a marked decline during the four survey periods. In this age group younger females are found more unemployed than their counterparts (table 1).

Table 1: Unemployment rate by Education Level and Sex in Ethiopia - country Total: 2012

Educational Status	Unemployment Rate		
	Total	Male	Female
Illiterate	15.2	7.7	18.5
Literate	18.1	11.8	26.3
Educational Level			
Pre-school	14.5	2.7	21.9
Non formal	15.0	9.6	23.0
Grade 1-8	16.8	9.6	25.1
Secondary not completed*	20.8	14.9	30.3
Secondary Education Completed**	24.8	16.6	36.3
Preparatory	22.0	18.4	26.3
Certificate Completed***	19.2	12.6	23.7
Diploma Completed	15.1	11.9	19.0
Degree and above Completed	7.3	5.7	12.7

Source: CSA, 2012

*Includes those who completed grade 9 in the new devised curriculum and grade 9-11 in old curriculum.

** Includes those who completed graded 10 in the new devised curriculum and grade 12 in old curriculum.

*** Includes TVET and any certificate above grade 12in the old curriculum.

2.2 CHARACTERISTICS AND ISSUES OF YOUTH EMPLOYMENT AND UNEMPLOYMENT

Unemployment is one among many issues that youth face in the labor market (ILO, 2006). In both developing and industrialized countries youth are more susceptible to issues such as “long working hours, work with short-term and/or informal contracts, low pay and little or no social protection” (ILO, 2004, p.1). Additional youth labor market indicators recommended by the ILO (2004) to reveal the other layers of the situation of youth include:

Unemployment Duration: Longer spells of unemployment are found to be directly linked to future poverty and social exclusion (ILO, 2004). Identifying those who experience long-term unemployment is recommended in order to design interventions in a timely manner for those who are most vulnerable (ILO, 2004).

For Organization for Economic Cooperation and Development (OECD) countries, unemployment duration has decreased from 1993–2000. ILO (2004) argued that this measure is more relevant for advanced countries because youth in developing countries cannot afford to be unemployed for longer periods. However, such a generalization across developing countries may not be true. In some developing countries, cultural values and social and family ties may allow youth to spend longer periods of times with their families, without working.

Underemployment: Underemployment implies that employed people are working below a certain cut-off point of hours although they would like to work more if work were available (ILO, 2004). ILO (2004) stated that there is a connection between underemployment and poverty. A high level of underemployment among youth might imply that youth lack the power to bargain for more hours or better conditions.

Incidence of Temporary Work: Youth are more likely to hold temporary jobs than adults (ILO, 2004). The problems associated with temporary work are “higher risk of job loss and labor market exclusion,” and lower wages (ILO, 2004, p.16).

Employment Status: Under the assumption that wage employment is desirable, a high prevalence of unpaid family work, for example, might imply that youth are facing difficult job entry transitions (ILO, 2004). The prevalence of non-wage work is especially high in developing countries (ILO, 2004).

Informal Economy Employment: There is not enough evidence about the incidence of informal unemployment among youth; however, trends in some countries point to the increased presence of informal, unprotected employment in urban areas (ILO, 2004). In Latin America, informal employment is the most feasible option for many youth when they enter the labor market (ILO, 2004).

Jobs in the informal sector are those that usually pay very low wages and lack social security (ILO, 2006). ILO has coined the term “working poverty” to identify those situations where people work “for long hours for low wages under poor conditions and with no social security or any voice” (ILO, 2006, p. 24).

Sectoral differences in employment: Especially in developing countries the prevalence of informal employment is higher in the agricultural and the service sector (ILO, 2004). Osterman (1980) found that most youth start out their careers working in secondary jobs and move to primary jobs later on in their careers.

Primary jobs offer better opportunities of training and stability (Osterman, 1980).

Secondary jobs, on the other hand, offer fewer opportunities and require fewer skills (Osterman, 1980). Osterman (1980) explained that as much as this is related to behavior of the youth, it is also related to the nature of demand for youth labor. He explicated that employers of primary jobs tend not to choose young employees while the opposite is true for employers of secondary jobs (Osterman, 1980).

Discouraged Workers, Neither in Education nor Employment (NEET): The discouraged workers are those who have given up looking for work since they believe there is no opportunity for them in the labor market (ILO, 2004). The incidence of the discouraged worker phenomena is

higher among adults in some countries and it is higher for youth in other countries (ILO, 2004). Women are more likely to be discouraged workers than men (ILO, 2004). The NEET rate is considered to be a useful measure of “non-utilized labor potential of the youth population” (ILO, 2006). It is a measure of those who are inactive due to reasons other than education such as disability or engagement in household work as well as those youth who are unemployed. For those countries for which data are available, the youth NEET rate is the highest for Central and Eastern Europe, 33.6 percent; followed by sub-Saharan Africa, 27 percent; Central and South America, 21 percent; and Developed Economies and European Union, 13.4 percent (ILO, 2006). Once again, for those countries for which data is available, NEET rates among young females are higher than among males (ILO, 2006). ILO (2006) has speculated that the total of those who are unemployed and those who are involuntarily out of the labor force would be a suitable measure of “social exclusion” and thus would be of good use to policy makers who wish to provide support to those who need it the most. Thus NEET is also a useful measure of “vulnerability”(ILO, 2006).

Wages: ILO (2004) has stated that there is a gap between adult wages and youth wages arising from lack of experience, but there is no straightforward answer to how great a gap is acceptable.

Various Indicators of Job Satisfaction: Another measure of labor market conditions for youth is an indicator of job satisfaction. However, satisfaction rates are difficult to measure.

ILO (2004) has pointed out that the school to work transition survey that ILO is implementing across countries could be a good start to measure job satisfaction.

2.3 CAUSES OF YOUTH UNEMPLOYMENT

The problem with high youth unemployment has many reasons, which can be divided into two categories, or levels; the macro level and the micro level.

The macro level contains issues that are of more international character which individual countries cannot directly affect through interventions, laws and various programmes. One such factor is globalization which has increased the international competition over the years according

to Faria et al. (2010). This is also acknowledged by Cerny (2010) who says that there are two categories of people within a state; one that gains from globalization through the possibility of making their business transnational, and one that loses from globalization through higher unemployment and lower wages.

The growing rural-urban migration is contributing to rising urban unemployment, which in turn has led to increased international migration. Environmental degradation with growing economically active populations has also increased labor and forced migration both in the country and across the borders. With a population estimated at 75 million, out of which 50% are below the age of 20. Ethiopia is bound to face considerable youth unemployment and under-employment both in the rural and urban areas. Though it is difficult to accurately estimate the magnitude of irregular migration, there are some assessments and research that show the huge increase in migration in and from Ethiopia, in particular by the youth. (UNDAF, 2011).

2.4 CONSEQUENCES OF YOUTH UNEMPLOYMENT

Potential Side Effects Caused by Youth Unemployment

Unemployment among youths is known to have negative effects on both the society and the unemployed themselves. Some of the aspects are discussed in the following sections.

2.4.1 Poor Health

One common example of side effects that hit unemployed, according to many researchers, such as Hammarström (1996) and O'Higgins (1997), is the deterioration of their health.

According to Rantakeisu, Starrin and Hagquist (1996), there are three types of health problems that are central in this situation. Firstly, it is common for unemployed persons to get struck by depression and other psychological problems, which can create a great amount of stress on the body. Secondly, physical problems, such as an increased blood pressure, appear as a result of the psychological stress. Lastly, unemployed persons may adopt new habits or types of behavior that are bad for the health; such as smoking, the use of narcotics and an increased consumption of alcohol.

Some psychological problems that affect unemployed youths, according to Hammarström (1996), are anxiety, insomnia, abeyance and impeded self-confidence. The longer the spell of

unemployment is, the higher is the risk of getting psychological problems. Among youths the risk of getting psychological problems is about three times higher, when being unemployed as compared to someone who is not unemployed.

2.4.2 Increased Public Costs and Tax Losses

Unemployment is the largest economical problem the municipalities face, according to Svenska Kommunförbundet (1997). The municipalities are regularly assisting with labor market programs (Lundin, 2008), which is costly. In addition the municipalities are the ones responsible for providing the economic support to the inhabitants in need. Nilsson (2010), continues by demonstrating how costly unemployed youths are, especially if they have other problems as well.

Another aspect of the cost for the municipalities is put forward by Ungdomsstyrelsen (2006). As they point out there is not only the higher costs that worsen the economy of the municipality, but also the lower revenues from taxes and consumption. The smaller is the labor force the less tax money is collected and less money can be spent on health care, education and other essential functions (Nilsson, 2010). The same conclusion is drawn by Lundin (2008), who claims that the municipalities, as a consequence, have a great interest in labor market policies even though the general policies are decided on a national level and the tasks administrated by the local employment offices.

2.4.3 Criminality and Drugs

Another side effect that is negative, not only for the unemployed youths themselves, but for the society as a whole is the increased risk for drug usage and the increased risk of drug abusing youths committing crimes (O'Higgins, 1997).

As Singell (1984) explains, when the number of legal opportunities is beginning to peter, illegal activities are exploited instead. In Hammarström (1996), it is stated that a higher unemployment of youths increase the use of cannabis. It is not only the risk of drug abuse that increases when the youth unemployment increases, also the amount of property crimes tend to increase.

A study by Britt (1994) on American time series data indicated that the amount of property crimes, such as robbery and burglary, did not increase when the youth unemployment did. However, he found a relation between the lagged unemployment variable and the number of property crimes. This suggests, like Singell (1984), that unemployment does not immediately turn the youths into criminals, but as the spell of unemployment increases the risk of them committing crimes increases.

2.4.4 Negative Effects on Future Career

Even if the unemployed youth manages to find a job the negative effects are not over. According to Nordström Skans (2004) the risk of being unemployed again within the next few years is larger if one ended up unemployed after the upper secondary school.

The same discussion is held by, for example, O'Higgins (1997) and Singel (1984). As O'Higgins (1997) states, a period of unemployment early in one's career may damage one's future job prospects as well as the wage level. This is also observed by Singel (1984) who says that early work experience is significantly connected to the wage received as an adult.

CHAPTER THREE

RESEARCH METHODOLOGIES

3.1 DESCRIPTION OF THE STUDY AREA

The research conducted in this thesis at Kombolcha wereda. Kombolcha Wereda is located in the north-central Ethiopia. Some guide books described Kombolcha as the twin city of Dessie which lies some 13 km to the northwest. The wereda is located in South Wolo Zone of the Amhara Region. The wereda lies between 11°6' North and 39°49' East with an elevation between 1842 and 1915 meters above sea level. It is situated at 505 km and 375 km from the regional capital Bahirdar and Addis Ababa respectively.

Kombolcha has five urban kebeles and six rural kebeles. The woreda has 104,695 populations size, out of which 75, 481 (72%) household are lived in urban kebeles; 29, 214 (28%) are living in rural kebeles.

This city is home for Combolcha airport, Kombolcha Steel Products, a metalworking factory that is part of MIDROC, a conglomerate owned by Sheikh Mohammed Al Amoudi, Kombolcha Textile Factory (KTF), which announced in 9 March 2009 that it was begging a 190 million Birr modernization project to improve the quality of its projects. At the time of the announcement, the KTF exported its goods to Italy, Sweden, Belgium and China. The city is also home for Kombolcha Brewery (BGI Ethiopia) and many more mega and micro industries.

3.2 METHODS OF SAMPLING

In an effort to generate the necessary data and information from the representative sample of the survey population, which is relatively homogeneous, out of the 11kebeles 5 kebeles were selected using simple random sampling methods. Then using systematic sampling technique, a sample size of 384 household was drawn from the selected kebeles proportional to the size of each category. The reason for using systematic sampling technique is that there is a complete name list of the population, facilitating the use of this particular sampling method.

The following specific sampling procedures were followed.

1. Five kebeles among the eleven kebles which are under the problem of youth unemployment in the wereda using simple random sampling technique was selected.
2. The name lists of youth who are unemployed in the selected kebeles from appropriate wereda officials were obtained.
3. A new sampling frame with sequential numbers on the basis of systematic sampling was prepared for each kebeles.
4. Systematic sampling for each of the five selected kebeles were conducted

3.3 METHODS OF DATA COLLECTION

The research was based on both qualitative and quantitative data and information that was gathered from households, national, regional, wereda and kebele government bodies as well as from all the relevant bodies, using the following data collection instruments.

Questionnaire administration- administration of questionnaires was the chief instrument for the collection of data in the research; accordingly, a multiple pages of questionnaire, asking both qualitative and quantitative questions, were responded by each of the informants with the help of trained enumerators.

Focus group discussion- this was conducted by forming some small homogeneous groups of selected informants from the survey population with some 8 to 12 individuals in each group. This was an appropriate instrument for qualitative data collection in that it provides some quality control on the accuracy of the responses given by the participants, as the participants in the focus group discussion are checked on each other's opinion. Moreover, it gave the chance of gathering valuable information from many people at a time.

Semi-structured-interview- An extensive and qualitative interview conducted mainly with the respective officers of the wereda and kebeles on the more complicated. In addition to this, some

officers from the Bureau of Central Statistics Agency, Bureau of Women, Children and Youth and other relevant bodies was interviewed.

Direct observation- the researcher, along with the enumerators and other relevant bodies made some personal observations to kebeles and households considered in the study in order to perceive the characteristics of the households, their living situations and other related conditions of entrepreneur climate and youth unemployment in kebeles level.

3.4 METHOD OF DATA ANALYSIS

Method of data analysis depends on kind of data need and research instrumentation adopted. In this regard the researcher collected both a quantitative and qualitative data from sampled household respondents. The data collected through close ended and open ended questionnaires, interview, focus group discussion and direct observation are coded, encoded and edited in data analysis soft ware tools.

At the end of data collection the researcher used SPSS and MS-excel to analysis the data that are collected.

CHAPTER FOUR

4. RESULT AND DISCUSSION

4.1 ANALYSIS OF QUANTITATIVE DATA

This section discusses the characteristics and composition of youths at Kombolcha wereda based on the result found.

4.1.1 Youth composition and characteristics

Characteristics of sample youth respondents by sex, age, marital status, education, religion and main occupation held summarized in relation to the impact of entrepreneurial climate on youth unemployment status.

Out of 384 respondents 40 percents are female respondents and the rest of 60 percents are male who take part in this findings. 58 percents of the respondents are un-married youth and 42percents of them are married. According to the national context of youth age category, the study covers 71 percents of the respondents are youths; aged 15-29 years. 49 percents of the respondents are degree holders, 35 percents are diploma holders and 16 percents are certificate holders. 42 percents of respondents are Orthodox, 13 percents are Protestant and 45 percents are Muslim. 2 percents of the respondent's main occupation is cooperative business, 29 percents of respondents are officially employed workers and 69 percents are working on their own private business. The overall composition distribution is tabulated below on table 2.

Table 2: Respondent's Composition and Characteristics Percentage Distribution

Respondent's general information				
No.	Item	Category	Frequency	Percentage
1	Sex	Female	153	39.8
		Male	231	60.2
		Total	384	100.0
2	Age	15-19	10	2.6
		20-24	80	20.8
		25-29	183	47.7
		30-34	111	28.9
		Total	384	100.0
3	Marital status	Married	160	41.7
		Un-Married	224	58.3
		Total	384	100.0
4	Education	Certificate	62	16.1
		Diploma	134	34.9
		Degree	188	49.0
		Total	384	100.0
5	Religion	Orthodox	160	41.7
		Protestant	52	13.5
		Muslim	172	44.8
		Total	384	100.0
6	Main occupation	Cooperative	6	1.6
		Employed	111	28.9
		Private business	261	69.5
		Total	384	100.0

4.1.1.2 Education

The study covers whose level of education is certificate, diploma and degree holders. More of the respondents are degree holders (49%), 35% of the respondent's educational level is diploma and the rest of 16% are certificate holders.

Table 3: Respondent’s Educational Status Percentage Distribution

Education	Frequency	Percent	Valid Percent	Cumulative Percent
Certificate	62	16.1	16.1	16.1
Diploma	134	34.9	34.9	65.1
Degree	188	49.0	49.0	100.0
Total	384	100.0	100.0	

4.1.1.3 Main Occupation

According to the result found most of the respondent’s main business activity is various private business. 69 percents of respondents are practicing at self employed private business. The 29 percents of respondents are private companies, NGOs and GOs employed workers. The rest of 2 percents of respondents are exercising at the cooperative works that the government supported them financially and technically. SME also fulfilled infrastructures like working place, working material and business relations or market chain with different customers and business owners. The Small and micro-finance enterprise at Kombolcha wereda, kebele 04 is the responsible governmental office that formed and supported those members of cooperative business owners. More of them are first degree holders who are the first job seekers.

Table 4: Respondent’s Main Occupation Percentage Distribution

Main Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Cooperative	6	1.6	1.6	1.6
Employed	111	28.9	28.9	30.5
Private Business	267	69.5	69.5	100.0
Total	384	100.0	100.0	

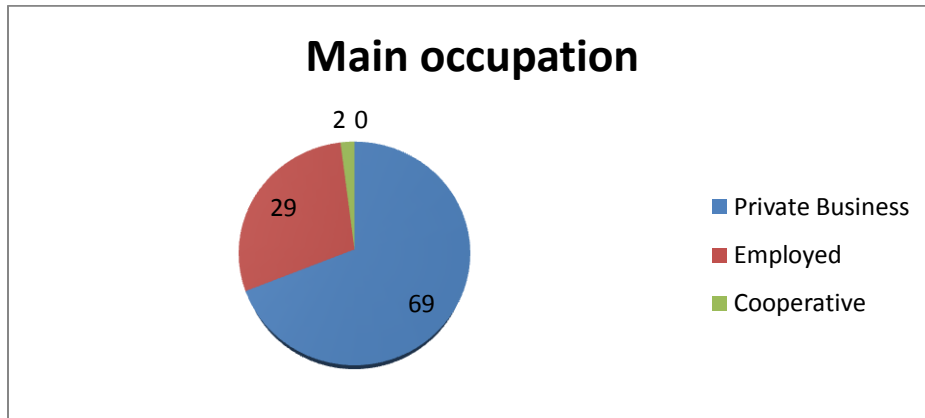


Figure 2 Main Occupation Percentage Distribution

4.1.1.4 Religion

Based on the result found most of the respondents are from Muslim religion and they are highly interested for self-employed businesses rather employment opportunity. 45 percents of the respondents are Muslim. The 42 percents of respondents are Orthodox; they are less interested for private business compared to Muslim youths. The rest of 13 percents of respondents are Protestants. This figure implies that Kombolcha wereda kebele 04 is mostly covered by Muslim and Orthodox youth inhabitants.

Table 5: Respondent's Religion Percentage Distribution

Religion	Frequency	Percent	Valid Percent	Cumulative Percent
Orthodox	160	41.7	41.7	41.7
Protestant	52	13.5	13.5	55.2
Muslim	172	44.8	44.8	100.0
Total	384	100.0	100.0	

4.1.2 Causes of Youth Unemployment

This section discusses the causes why the problem with high youth unemployment exists at. Possible explanations on causes of youth unemployment and entrepreneurial climate will present in this section.

The problem with high youth unemployment has many reasons, which can be divided into two categories, or levels; the macro level and the micro level.

The macro level contains issues that are of more international character which individual countries cannot directly affect through interventions, laws and various programmers. One such factor is globalization which has increased the international competition over the years according to Faria et al. (2010).

According to the result found inability of the economy to generate adequate jobs, lack of technical skills, lack of experience, discrimination of the youth, irrelevant education system, inaccessibility to useful information on time, poor extension and marketing system and shortage of land access to work on are points for the causes of youth unemployment.

Out of 384 respondents 41 percents of respondents believed that lack of experience is the main cause of youth unemployment. 31percents of the respondents put inability of the economy to generate adequate jobs opportunity at the second pace for the cause youth unemployment rate. The result shows that 23 percents of respondents put inaccessibility to useful information on time is also the third most causes of youth unemployment at Kombolcha wereda.

The respondent's emphasis that Ethiopian government (75%) is the prior responsible actor to solve the problem. Youths put themselves (44%) the second responsible actor to solve the problem. CSO's and NGO's (38%) and Parents (19%) are the third responsible key actors to curb the unemployment rate, respectively.

The respondents were asked the support that they need against the unemployment rate. Credit facilities (financial assistance) and Labor market information (30%) are equally needed at the first place. Employment opportunity (27%) and Entrepreneurship training (25%) supports are under the second and third rank, respectively. This result implies that most of youth populations at Kombolcha wereda, 04 kebele are more interested for employment opportunity and as the same time if they have support for their financial gap they seek entrepreneurship skill training to run their own entrepreneurial activities to earn their own income. This idea is well supported by the following figures from the findings: respondents are highly interested for vocational trainings (13%) than to have a University degree (9%). Those youths don't want to spent more time on higher education rather they seek a short term practical vocational trainings that would aid them to run their own private business in the short period of time. The overall percentage distribution of causes of youth unemployment, responsible actors and supports for youth presents below

Table 6: Percentage Distribution of Causes of Youth Unemployment, Responsible Actors and Supports for Youth			
Items	Female	Male	Total
I. Causes of youth unemployment			
Inability of the economy to generate adequate jobs	35.4	27.3	31.35
Lack of technical skills	21.7	18	19.85
Lack of experience	45	37.6	41.3
Discrimination of the youth	12.4	9.7	11.05
Irrelevant education system	17	19.3	18.15
Inaccessibility to useful information on time	21.3	24	22.65
Poor extension and marketing system	13.5	12.2	12.85
Shortage of land access to work on	7.3	13.2	10.75
Others	5.4	11.6	17
II. Responsible actors			
	-	-	-
Ethiopian Government	68.3	81.4	74.85
CSO's and NGO's	29.6	36.3	37.95
Youth themselves	42.4	45	43.7
Parents	21	17.5	19.25
III. Supports for Youth			
	-	-	-
Labor market information	31.4	28.5	29.95
Vocational training	11.5	14.7	13.1
Entrepreneurship training	23.6	26.5	25.05
University education	9.5	8.5	9
Employment opportunity	18.5	34.6	26.55
Credit facilities (financial assistance)	28.6	31.2	29.9
Others, please specify	3.5	2.1	2.8
Total	(N =153)	(N = 231)	(N = 384)

Note: since the questionnaire is a multiple question the total percentage is not exactly 100%.

4.1.3 Entrepreneurial Climate

This section discusses the second research question, what is meant with an entrepreneurial climate and discusses what factors that constitutes a good one.

The study covers the entrepreneurial climate or environment at Kombolcha wereda. Young people face difficulties, obstacles and barriers to start a business in many fields.

Among these barriers, social or cultural attitude towards youth entrepreneurs is one like; low level of promotion and appreciation of the concept of entrepreneurship by the society. 9% of the respondents agreed and 7% of them strongly agreed for the social or cultural environment.

The second issues concerned the barriers is access to finance and business support that 17% of the respondents agreed and 16% of them strongly agreed that there is a clear lack of access to finance to start-up financing or seed funding and business support for young people.

Government regulations are also obstacle for many youths to start entrepreneurial business that 16% of respondents agreed and 14% of them strongly agreed. Government regulations here, is meant like excessive administrative and bureaucratic burdens that impedes youth entrepreneurs.

The last setback for youth entrepreneurs is level of education, skills and trainings that 5% of the respondents agreed and 4% of the respondents strongly agreed up on. Education and training do not promote/encourage young people to engage in business and to develop good business ideas.

Table 7: Entrepreneurial Environment/Conditions Percentage Distribution

No	Questions	Respondent's Category									
		Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		No	%	No	%	No	%	No	%	No	%
A	Social/ Cultural attitude	27	7.0	33	8.6	5	1.3	13	3.4	4	1.0
B	Access to finance and Business support	61	15.9	67	17.4	3	0.8	0	0	0	0
C	Government regulations	54	14.1	61	15.9	0	0	4	1.0	0	0
D	Education, skills and training	14	3.6	19	4.9	8	2.1	6	1.6	5	1.3
	Sub total	156	40.6	180	46.9	16	4.2	23	6	9	2.3

4.1.4 Assessment presentation

Based on the result obtained 37% of respondents experienced respect and acceptance by the society they live with; 36% of young entrepreneurs are able to be heard by their friends, family and the community they have been grown through. 41% of respondents deposited attractive savings and 32% of young people at the study area become self-employed that earns their own income. 29% of the respondents developed trust and recognition by the government officials and 26% of them able to be highly influential on the community setting.

The result reveals that young entrepreneurs put high emphasis on their economic, social and political values accordingly.

Table 8: Social, Economic and Political Impact Percentage Distribution			
Item	Female	Male	Total
Social assessment			
I developed acceptance and trust in the community	26.5	35.8	31.2
I have respect from the society	31.5	42.5	37
I am able to be heard	37.5	35.2	36.4
I am sited as a model for others	25.7	28.5	27.1
Economic assessment			
I become self-employed and earn money	37.4	26.5	31.9
I am able to open my own enterprise	12.7	8.4	10.5
I have deposited attractive savings	23.5	17.5	41
My enterprise capital is well developed	25.4	4.6	15
Others	8	7.3	15.3
Political assessment			
Developed trust and recognition by the government officials	26.5	32.5	29.5
Able to be highly influential on the community setting	23.5	28.7	26.1
Eligible to be elected as a community leader in a political scenario	5.7	8.5	7.1
Able to be a loyal representative of neutral observer in a political election process in my village	1.5	1.7	1.6
Total	(N= 153)	(N=231)	(N=384)

NB: since the questionnaire is a multiple question the total percentage is not exactly 100%.

4.1.5 Overall Assessment Presentation

This section covers the overall rank on the impacts of local entrepreneurial on youth unemployment rate.

The respondents ranked financial or economic impacts as the prior advantage they have experienced during their entrepreneurial business life. 22 % of the respondents agree and 19% of them strongly agree on financial or economic impact to be the first rank that an entrepreneur will reap. The second impact that the local entrepreneurs experienced is the social or cultural impact that 15% of the respondents agreed and 12% of them strongly agreed. The third rate of impact rank is political impact that 5% of respondents agreed and 4% of them strongly agreed.

The findings (table 9) show that most youths are highly worried and strive more for their means of income. They are mostly active on financial values. They are not much interested towards the social and political values; especially they are under the state of inactive participation for the political scenario.

Most youths doesn't give prior attention to politics rather to economic and financial interests. This is because most of them live together with their family even after graduation. So to be able to start their own life and to ensure their privacy they are occupied with their material needs that obviously fulfilled by their economic power.

The respondents agreed that entrepreneur's climate has negative impact on youth unemployment. The more youths participate in entrepreneurial activities the higher the employment opportunity they will have even for other youths who sought it. This clear shows that high incident of local entrepreneurial will have a negative impact on youth unemployment rate and positive impact on the economic or financial, social or cultural and political participation.

Table 9: Social, Economic and Political Assessment Overall Rank

No	Questions	Respondent's Category									
		Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		No.	%	No.	%	No.	%	No.	%	No.	%
A	Social/ Cultural Assessment	46	11.97	57	14.84	9	2.34	5	1.30	6	1.56
B	Economic / Financial Assessment	73	19.01	86	22.39	6	1.56	3	0.78	0	0
C	Political Assessment	17	4.42	21	5.46	18	4.68	24	6.25	13	3.38
	Sub total	136	35.41	164	42.70	33	8.59	32	8.33	19	4.94

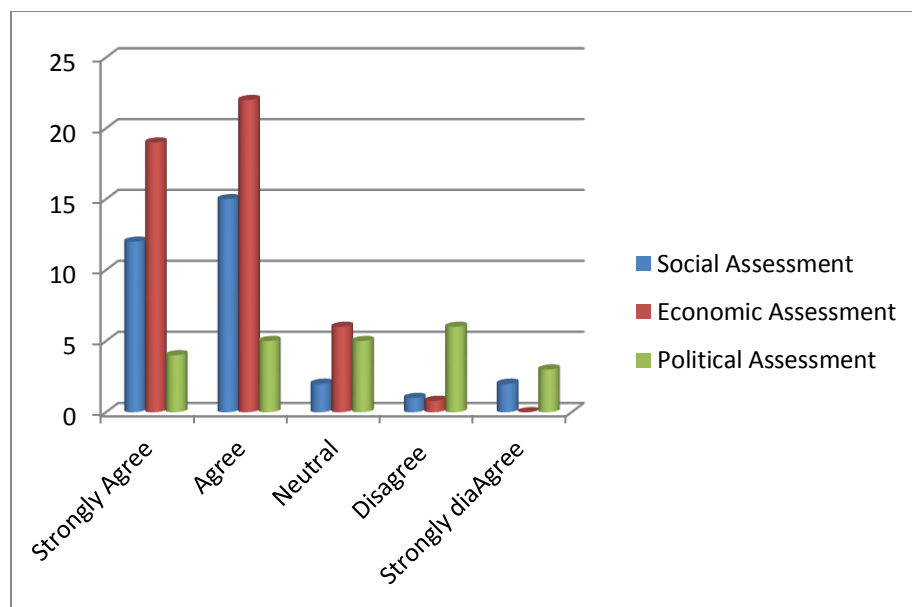


Figure 3 Social, Economic and Political Assessment Overall Rank

4.2 ANALYSIS OF QUALITATIVE DATA

Both focus group discussion (FDG's) and key informants interview were also used to capture qualitative responses from selected groups of discussants in the study areas. The issue discussed focus on major cause of youth unemployment rate, perceptions of youths towards entrepreneurship climate, supports they seek to start their own firms, and barriers they have encountered to join the entrepreneurship business world.

Most of the respondents mentioned that inability of the economy to generate adequate job, lack ample experience, skill gap (theory oriented educational system), social discrimination towards youth professionals and young entrepreneurs (little confidence on young professionals both employed and entrepreneurs) and easy access to timely information are the major cause of youth unemployment rate at the study area.

Based on the discussant's point of view less perception of the society about entrepreneurship, little confidence on young entrepreneurs, financial limitations, well developed practical entrepreneurship skill gap trainings; loosen relation or low level business relation with higher business owners, lack business mentor and consultancy institutions, strong rules and regulations of government beurocractic process (more office turn over), low level of promotion and business link with customers and access to working place are barriers of young entrepreneurs who seek to join the business world.

The discussant's also witnessed that the impact they had because of their entrepreneurial business success. Most of them revealed that they could meet their financial or economic need more than they could reap if they could be employed both at GOs or NGOs offices. Even if most of them agreed that economic interest is their priority; some can impose their influential power on the community and societal level and some even build trust and recognition in the political scenario.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATION

5.1 CONCLUSION

The attention given to entrepreneurship and entrepreneurial climate is quite new. As described by Granfeldt and HjortafOrnäs (2003), it was not until the 1990's the discussions started to flourish due to the observations that towns with similar economic presuppositions and structures seemed to develop in very different directions.

As described by WerotawBezabih (2010), Ethiopia's backwardness is an indicator of its low-level of entrepreneurship development. The agricultural sector in Ethiopia absorbs more than 80% of the working population and it still trying to feed the nation. The dynamics of entrepreneurship development has been so slow that there is a lot of human resource wastage in Ethiopia in both rural and urban areas. Though currently the Ethiopian government has made efforts, Entrepreneurship is not included in the curriculum as a compulsory subject at all levels.

Ethiopia is bound to face considerable youth unemployment and under-employment both in the rural and urban areas. Though it is difficult to accurately estimate the magnitude of irregular migration, there are some assessments and research that show the huge increase in migration in and from Ethiopia, in particular by the youth. (UNDAF, 2011)

There are numerous reasons or causes for the incidence of youth unemployment rate. To list some inability of the economy to generate adequate jobs, lack of technical skills, lack of experience, discrimination of the youth, irrelevant education system, inaccessibility to useful information on time, poor extension and marketing system and shortage of land access to work on are some points for the root causes of youth unemployment at Kombolcha werda.

Cognizant of these problems, the study was carried out with major objectives of to examine causes of youth unemployment and the impact of local entrepreneurship on youth unemployment rate. To accomplish these objectives primary data on characteristics and composition of sample

youth respondents by sex, age, marital status, education, religion and main occupation held gathered from 5 randomly select sample kebeles.

Based on the survey data, an attempt was made to describe the characteristics and composition of youths at Kombolcha wereda, causes of youth unemployment, entrepreneur climate or environment and the impact of local entrepreneurial climate on youth unemployment rate. On the other hand, the social, economic and political impacts of local entrepreneurial activities over youth unemployment rate was described and ranked. Entrepreneurial environments that are barriers for young people to start a business was described as social or cultural attitudes towards youth entrepreneurs, access to business support, government regulations and education, skills and training.

In general from the finding of the study it was concluded that local entrepreneurship climate or activities had a negative relationship with the incidence of youth unemployment rate at the study area. This means the more the municipality encourages local entrepreneurship climates with innovative job creation ideas at the local settings, the lesser the incidence of unemployment is; especially for first time job seeker youths, graduate of higher institutions, at the study area.

The Entrepreneurship development at the municipality had various fortunes like as means of income for public spending from tax collection, labor absorption for those who are unemployed or under employed youngsters: this means that the more private businesses or firms opened in the city, the better job opportunity will be for those who sought it. It had huge advantage for the country to minimize the incidence of illegal migration that ends with terrifying and tearful migrant stories both for the vulnerable families or society and the government in general. Entrepreneurship also had a power to dissolve the incidence of criminality, drugs or substance consumption and illegal trading or businesses.

Lastly, it was also made possible to conclude that local entrepreneurial activity had positive impact on the social or cultural attitudes, economic or financial growth and healthy political outlooks of youths that had a direct relationship with youth employment opportunity or negative relationship with youth unemployment rate at the study area. These activities including supporting and appreciating youths to open-up their own firms and providing entrepreneurial skill trainings, financial supports, business mentoring, market chain and working place helps the country to flourish entrepreneurship and minimize the unemployment rate.

5.2 RECOMMENDATIONS

Possible recommendations that emanate from the results of the research study area presented as follows:

Entrepreneurial Climate: As discussed above, the local entrepreneurial activities had negative impact on youth unemployment rate. So it is highly recommended that the municipality to encourage youths to build their own firms that opens employment opportunity. This also helps for the wealth of the municipality.

Small and medium sized enterprises (SME): both small and micro-business enterprise and small and medium sized enterprise had a remarkable advantages for the growth of local entrepreneurial business owners.

Positive Social/ Cultural attitude: An improved social attitude towards young entrepreneurs is recommended based on the findings. Entrepreneurship has to be highly promoted and appreciated by the society.

Access to finance and Business support: Government, CSO's and NGO's and Parents are the key factors that are recommended to support youth entrepreneurs financially hat had positive impact on employment opportunity.

Government regulations: Based on the findings there are excessive administrative and bureaucratic burdens that impede youths from visiting (SME) and other government business sectors. It is recommended that the government regulations to be smooth and easy for high frequent visit from youth entrepreneurs.

Education, skills and training: It is highly recommended that education, skills and training has to given for youths even before they invest their finance. However those educations, skills and training have to be appropriate and motivational that encourages youths to develop their own business firm. Entrepreneurship skill training, business mentoring, vocational training, motivational business trainings are to list some.

Internships and On-the-job Training: Based on the result found lack of work experience is one among the cause of youth unemployment rate. So, it is recommended that the amount of internships and the contact with the business world. Application and participation for internship and on the job training for youths who are, graduate of higher institutions, first time job seekers is especial recommendation.

Collaboration between relevant business owners: Based on the findings it is recommended that youth entrepreneurs need to build a better collaboration between various relevant business owners; such as the employment offices, the municipalities, the business mentor organizations and the social service providers. Such business network helps those young entrepreneurs to have ample practical experience and to develop a better customer relation management skill.

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(<http://www.ilo.org/public/english/employment/strat/publ/etp7.htm>.)

ANNEX

I am a graduate student of Indira Gandhi National Open University (IGNOU). Currently I am in the field to conduct my MA thesis which entitled as “*The Assessment of Entrepreneurial Climate on Youth Unemployment in Kombolcha Wereda, South Wollo Ethiopia*”. This study may help for improving the future interventions on young entrepreneurs’ climate. I request you to take part in this study and to respond genuinely. Your cooperation and willingness is greatly helpful in identifying problems of youth unemployment and impact of entrepreneur climate in the village setting. The study will be conducted through interviews and you are being asked for a little of your time, about 25 min, to help me in this study.

Your name will not be written in this form and will never be used in connection with any information you tell us. There is no possible risk associated with participating in this study except the time spent for responding to the questionnaire. All information given by you will be kept strictly confident. Your participation is voluntary and you are not obligated to answer any question you do not wish to answer. If you feel discomfort with the question, it is your right to drop it any time you want. If you have questions regarding this study or would like to be informed of the results after its completion, please feel free to contact the principal investigator.

Consent form

In signing this document, I am giving my consent to participate in the study titled “*The Assessment of Entrepreneurial Climate on Youth Unemployment in Kombolcha Wereda, South Wollo Ethiopia.*” I have been informed that the purpose of this study is to examine causes of youth unemployment and the relationship between youth unemployment and entrepreneurial climate in Kombolcha Wereda. I have understood that participation in this study is entirely voluntarily. I have been told that my answers to the questions will not be given to anyone else and no reports of this study ever identify me in any way. I have also been informed that my participation or non-participation or my refusal to answer questions will have no effect on me. I understood that participation in this study does not involve risks. I understood that Mr. Habtamu Ebrie is the contact person if I have questions about the study or about my rights as a study participant.

Respondent’s signature _____

Address: kebele _____

The Survey Questionnaire

Date of Interview -----

Address of the principal investigator:

Mr. Habtamu Ebrie

Cell phone: +251 912 38 26 73

E-mail: rihabnur@yahoo.com

SECTION 1: GENERAL INFORMATION

1. Name of enumerator -----
2. Name -----
3. Zone -----
4. Woreda-----
5. Kebele-----

➤ Respondents composition and characteristics

No	Name Of respondents	Sex (See Code)	Age (See Code)	Marital Status (See Code)	Educational Level(See Code)	Main Occupation	Religion (See Code)
1							
2							
3							
4							
5							
6							
7							

CODE DESCRIPTIO

1/ Sex- 1=Male 0=Female

2/ Age- A= 15 – 19 B= 20 – 24 C= 25 – 29 D= 30 – 34

3/ Marital Status – 1=Married 2=Un-Married

4/ Educational Level – 1 =Certificate 2=Diploma

5/ Religion 1= Orthodox 2=Protestant

3= Degree 4= Masters

3=Muslim 4=catholic 5=others

SECTION 2: CHALLENGES OF YOUTH UNEMPLOYMENT

2.1 What do you think are the causes of youth unemployment?

- a) Inability of the economy to generate adequate jobs.
- b) Lack of technical skills
- c) Lack of experience
- d) Discrimination of the youth
- e) Irrelevant education system
- f) Inaccessibility to useful information on time
- g) Poor extension and marketing system
- h) Shortage of land access to work on
- i) Others

2.2 Who do you think to curb the major youth challenges of unemployment and/or marginalization of youth?

- a) Ethiopian Government
- b) CSO's and NGO's
- c) Youth themselves
- d) Parents

2.3 What kind of support or assistance you need to get a satisfactory job?

- a) Labor market information
- b) Vocational training
- c) Entrepreneurship training
- d) University education
- e) Employment opportunity
- f) Credit facilities (financial assistance)
- g) Others, please specify

SECTION 3: ENTREPRENEURIAL ENVIRONMENT/ CONDITIONS

3.1 Young people face difficulties, obstacles and barriers to start a business in many fields.

In which areas did you face the most difficult barriers?

Points :-

5 = Excellent

4 = Good

3 = Satisfactory

2 = Poor

1 = Absent

NA = Not applicable

No.	Questions	1	2	3	4	5	N/A
1	Social/ Cultural attitude towards (youth) entrepreneurs E.g. Entrepreneurship is not appreciated and promoted enough by society!						
2	Access to finance and Business support E.g. there is a clear lack of access to start-up financing or seed funding and business support for young people!						
3	Government regulations E.g. Excessive administrative and bureaucratic burdens impede youth entrepreneurship!						
4	Education, skills and training E.g. Education and training do not promote/encourage young people to engage in business and to develop						

SECTION 4: ASSESSMENT QUESTIONS

4.1 Social/Cultural Assessment

4.4.1 What impact you experience in your enterprise?

- a) I am able to earn money and become rich
- b) I am now my own boss
- c) I am able to compete with others who are successful in business
- d) I am able to be innovator
- e) I have achieved my vision

4.4.2 What social value do you realized from being ‘Young Entrepreneur’ in your community?

- a) I developed acceptance and trust in the community
- b) I have respect from the society
- c) I am able to be heard
- d) I am sited as a model for others

4.4.3 Have you experienced any of social bond/ social networking

- a) Make new friends/colleagues
- b) Meet and work with higher business owners and government officers
- c) Able to meet my love partner, but didn’t married
- d) Able to met my soul mate and build my family

4.2 Economic / Financial Assessment

4.2.1 What economical change you realize in your enterprise?

- a) I become self-employed and earn money
- b) I am able to open my own enterprise
- c) I have deposited attractive savings
- d) My enterprise capital is well developed
- e) My enterprise is growing in slowing pace
- f) I didn’t realize any economical change in my living
- g) Other (please specify)

4.2.2 How is your business network

- a) I have strong business network with business owners and customers
- b) I developed business link with brokers and business mentors
- c) I set up network with the government, banks, micro-credit institutions, cooperatives, NGOs or other financiers
- d) Other (please specify)

4.2.3 Which of your needs are satisfied

- a) I secured my daily bread
- b) I am able to rent a house and stay away from family
- c) I meet my love partner
- d) I married my soul mate
- e) I own my car
- f) I build my own house
- g) Others (please list some)

4.3 Political Assessment

How do you measure your political impact as a youth entrepreneur in your village?

Points :-

5 = Excellent, 4 = Good, 3 = Satisfactory, 2 = Poor, 1 = Absent, NA = Not applicable

No.	Questions	1	2	3	4	5	N/A
1	Developed trust and recognition by the government officials and the local community						
2	Able to be highly influential on the community setting						
3	Eligible to be elected as a community leader in a political scenario						
4	Able to be a loyal representative of neutral observer in a political election process in my village						

4.3 Please rank the assessment you have experienced most.

Please rank them first (1), second (2), third (3), etc.

No.	Questions	1	2	3	4	5	N/A
1	Social/Cultural Assessment						
2	Economic / Financial Assessment						
3	Political Assessment						

APPENDIX A: KEY INFORMANT INTERVIEW GUIDE

1. How would you define entrepreneurship?

How is it specialized?

2. What are the similarities between entrepreneurship and starting a business?

What are the differences between entrepreneurship and starting a business?

3. How are the programs you are providing meeting the needs of youth?

What supports do your programs provide?

4. Please describe some success stories.

5. What challenges and/or barriers have you faced in delivering these programs?

What issues have faced along the way?

6. How would you describe the attitude among young people who are entrepreneurs?

How has this attitude among young people changed from 10 years ago?

7. What advice you would like to share with funders?

8. What other suggestions, comments or thoughts do you have?

APPENDIX B: FOCUS GROUP GUIDE

Experiences

1) What does entrepreneurship mean to you?

- Definitions
- Experiences
- Dreams/Goals/Ideas
- Role models

2) What has your experience been so far (either as an entrepreneur or considering being an entrepreneur)?

3) What has been most rewarding for you?

- What are the perks of owning a business?
- Success stories?

Perceptions

4) What are the current attitudes about entrepreneurship (by you, your friends, others in the community)?

Supports

5) Do you feel supported by your friends, family and community?

- What are your perceptions of yourself?
- What other supports/resources did you need?

6) What community programs/services has been helpful or would be helpful to you?

- What are the strengths and/or weaknesses of these programs?

7) What skills, education, experience and finances do you think you need to start your own business?

- Other supports or resources?

Barriers

8) What challenges and/or barriers have you faced?

- What sacrifices have you made along the way?

Suggestions/Advice

9) Do you have any advice for other youth and youth supporting agencies?

APPENDIX C: OBSERVATION CHECK LIST

Points :-

5 = Excellent, 4 = Good, 3 = Satisfactory, 2 = Poor, 1 = Absent, NA = Not applicable

No.	Focus Areas	1	2	3	4	5	N/A
1	Office Sites, Setup and arrangements						
2	Employees readiness						
3	Documentation and financial records						
4	Customers Profile arrangement						
5	Availability of relevant documents policies, directives, formats, brochures, etc.						

Points :-

5 = Excellent, 4 = Good, 3 = Satisfactory, 2 = Poor, 1 = Absent, NA = Not applicable

Points	Description
5 = Excellent	The element is present, consistent with the standard described in the instructions and provided in the questionnaire, and is of a remarkable/outstanding quality.
4 = Good	The element is present and consistent with the standard described in the instructions and provided in the questionnaire.
3 = Satisfactory	The element is present and may be used even though it may not completely follow the standard described in the instructions and provided in the questionnaire.
2 = Poor	The element is present but flawed or of poor quality.
1 = Absent	The element is absent.
NA = Not applicable	The element is not relevant to this thesis.

APPENDIX D: DETERMINATION OF SAMPLE SIZE

Determination of sample size

Sample Size – Infinite Population (where the population is greater than 50, 000)

$$SS = \frac{Z^2 * (P) * (1- P)}{C^2}$$

Where:

SS = Sample Size

Z = Z-value^A (e.g., 1.96 for a 95 percent confidence level)

P = percentage of population picking a choice, expressed as decimal^a

C = confidence interval, expressed as decimal (e.g., 0.05 percentage points)

A Z-values 9 Cumulative Normal Probability table) represent the probability that a sample will fall within a certain distribution.

The Z-values for confidence levels are:

1.645 = 90 percent confidence level

1.96 = 95 percent confidence level

2.576 = 99 percent confidence level

$$\begin{aligned} SS &= \frac{Z^2 * (P) * (1- P)}{C^2} \\ &= \frac{1.96^2 * (0.5) * (1-0.5)}{0.05^2} \end{aligned}$$

Sample Size = 384

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Date of Approval: _____

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CHAPTER ONE: INTRODUCTION

1.1 BACKGROUND

Youth Unemployment became the terrifying challenging problem in the health of the economy throughout the world. It is just the fact of the world though the degree of duration differs from nation to nation; developing countries to developed nations. The youth unemployment rate is over 50 percent in Greece and Spain, over 30 per cent in Bulgaria, Italy, Portugal and Slovakia and a European average of 22 per cent. (Hans, 2012)

It is obvious that youth unemployment has a negative impact on socio-economic growth of a given country especially, where number of youth labor population is higher. According to the International Labor Organization, 3 out of 5 unemployed people in Africa are young people. Africa has the youngest population of any continent which means that the problem of youth unemployment there is particularly relevant. Approximately 200 million people in Africa are between the ages of 15 and 24. This number is expected to double in the next 30 years. Between 2001 and 2010, countries in Africa reported some of the world's fastest growing economies. (Gough, Katherine, Thilde L., George O. (2013))

The unemployment rate is typically higher in developing countries, but has become a problem in countries around the world, including those in the global north.

When there is a general hiring freeze, the youth unemployment rate grows as youth move from school into workforce. Youth are expected to have more education to compete for jobs than was true for previous generations, a phenomenon referred to as credential inflation or academic inflation. Young people are more likely to have temporary forms of work such as internships, seasonal jobs, contract work, and graduate research assistantships. Because their jobs are temporary contracts, youth are often the first to be laid off when a company downsizes. (Martin, Gary July 2009).

Youths are vulnerable for job searching opportunity that obligates them to live back to their family where they belong. Youth are increasingly moving back in their parents when

unemployed. This has been seen as both an effect and cause of high youth unemployment. Youth in many countries now live with their parents into their late twenties. (Martin, Gary July 2009)

Although this has been common in collectivist countries, it is growing increasingly common in more individualist countries. In families, it is common that when one person becomes unemployed, other members of the family begin looking for or securing employment. This is called the added worker effect. It is more common in collectivist societies because family members support one another. This can sometimes take the form of employment in the informal sector when necessary. (Cho, Yoonyoung; Newhouse, David (2012))

Alongside the shift in youth living situations, the impact of returning to live with the parents as well as difficulty finding a fulfilling job lead to mental health risks. Being unemployed for stretches in youth have been correlated to decreased happiness, job satisfaction and other mental health issues. (Morsy, Hanan. 2002)

Some youth end up committed suicide because they feel that they are a failure and are of no importance to their communities. Unemployed youth also report more isolation from their community. (Hussainat, Mohammad. M., Ghnimat, Qasem, Al-dlaeen, Marwan Atef R. 2012))

Ethiopia is one of the fastest growing-economies in the world and is second populous in Africa. Even if Ethiopia records the fastest economic growth yet the problem of job opportunity is critical due to high population growth and the imbalance between the qualified job seekers and the labor market absorption in the market or industry. Almost 50% of Ethiopian population is under the age of 18, and even though education enrollment at primary and tertiary level has increased significantly, job creation has not caught up with the increased output from educational institutes.

The largest safety net programmes are PSNP and Emergency Food relief, providing support to 13 million people in rural areas, other programmes in rural and urban areas cover approximately 2 million people leaving an estimated 15 million in need of some minimum protection against

livelihood shocks related to disasters, unemployment/loss of income, age, disability and HIV-AIDS. (UNDAF, 2011)

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 (World Bank, 2007).

In recent years, entrepreneurship has been claimed as major driver of economic growth in both United States and Western Europe. According to Paul Reynolds, founder of the Global Entrepreneurship Monitor, “by the time they reach their retirement years, half of all working men in the United States probably have a period of self-employment of one or more years; one in four may have engaged in self-employment for six or more years. Participation in a new business creation is a common activity among U.S. workers over the course of their careers.”

Good entrepreneurial climate is highly important for economic growth of the municipality and also to lower the unemployment rate through job creation in the nation. There is a negative relationship between an entrepreneurial climate and youth unemployment which is to mean the more entrepreneurs are happened in the nation the lower incidence of youth unemployment due to the availability of job opportunity for those who are looking for it having the required qualification.

Entrepreneurs are leaders willing to take risk and exercise initiative, taking advantage of market opportunities by planning, organizing, and employing resources, (Deakins and Freel 2012). Often by innovating new or improving existing products. (Jonson, D.P.M. (2005).

1.2. Statement of the Problem

Work is central to most of our lives, not just as the foundation that enables us to get by in the world, but as key to how we see and define ourselves and to our sense of self-worth. Being unemployed, by contrast, hurts. And most of us will know either first-hand or through people we know, that being unemployed is particularly painful when you are young. That is the position that over a million young people now find themselves in.

The most recent Euro stat data – from spring 2012 – paint a stark picture: over 50 per cent youth unemployment in Greece and Spain, over 30 per cent in Bulgaria, Italy, Portugal and Slovakia and a European average of 22 per cent. The danger of a »lost generation« is no longer merely the writing on the wall, but is becoming a terrifying reality. (Hans, 2012)

Poverty, inequality and food insecurity are the most crucial and persistent problem facing humanity. As the scale of human activities expands the capacity of eco-systems to regenerate the natural resource base becomes an increasingly binding constraint to further growth and development. With respect to agriculture, the combined effect of population growth on the developing countries, of increase per capital income of changes in dietary pattern linked inter alias to growing urbanization, will bring about sustainable increases in demand for food and other agricultural products (Kostas, 2001).

The problem of urban youth unemployment is rapidly assuming dangerous proportion in many developing countries including Ethiopia. Ethiopia has the largest youth population and youth labor force constitute a fast growing proportion.

With around 50% of the urban men between age 15 and 30 unemployed, Ethiopia has one of the highest unemployment rates worldwide. Unemployment is concentrated among relatively well-educated first time job seekers who come from the middle classes. Mean duration of unemployment is close to four years and is higher for those aspiring to a public sector job. The unemployed have realistic reservation wages. Those living in Addis are less likely to become unemployed, and ethnicity has no effect. Those with a father working as a civil servant have shorter durations, suggesting that this provides an information advantage. The medium of job

search also has a strong effect indicating that information is costly. Social networks only help after one has become unemployed. (<http://www.mongabay.com/history/ethiopia/ethiopia-unemployment.html>)

1.3. Significance of the Study

The purpose of this thesis is twofold. The first aim is to assess the subjects youth unemployment and local entrepreneurial climate through a qualitative study. This means that definitions are examined as well as causes, effects and possible solutions of youth unemployment; this is developed further in the first two research questions stated below. The second aim is to examine, through a quantitative study, whether there is a relationship between a good environment for firms and low unemployment figures for youths, and if so is it negative or positive?

A study of The Assessment of Entrepreneurial Climate on Youth Unemployment is vital because it provides with information that will enable effective measures to be undertaken so as to improve unemployment rate and bring the success of employment development programs. It will also enable development practitioners and policy makers to have better knowledge as to where and how to intervene in rural areas to bring job opportunities or minimize the severity of joblessness.

Moreover the empirical analysis carried out in this study will also be expected to contribute towards better unemployment rate estimation. Hence such studies are important in that they could help in designing employment development programs and employment related policies.

1.4. Hypothesis and research questions

1.4.1. Hypothesis

There is a negative relationship between youth unemployment and entrepreneurial climate in Kombolcha wereda.

There are a number of causes for the incidence of youth unemployment at Kombolcha wereda.

1.2.1. Research Questions

1. What is the relationship between youth unemployment and entrepreneurial climate?
2. What are the causes of youth unemployment?
3. What are the characteristics of youth unemployment?

1.3. Objective of the Study

1.3.1. General Objective

The overall objectives of the study are to examine causes of youth unemployment and the relationship between youth unemployment and entrepreneurial climate in Kombolcha wereda.

1.3.2. Specific Objectives

- To identify causes of youth unemployment.
- To identify characteristics and issues of youth employment and unemployment.
- To examine the relation between youth unemployment and entrepreneurial climate.
- To see how youth unemployment rate is affected by the local entrepreneurial climate.

1.4. Scope and Limitations of the Study

Even if the problem of youth unemployment is the wider scope and a cross cutting issue of the whole Ethiopia; the study is limited to a single Wereda at a specified Kebeles at Kombolcha Woreda District.

The 'young unemployed' that may include students who would like to be in work but cannot find a job, but this thesis has a limitations and excludes young people who are not in education or work but not looking for employment either (the 'economically inactive').

The scope of this study is also limited by budget and other resource limitation. Even if the study will be restricted in terms of its coverage its outputs can be used as a spring board for more detailed and area specific studies.

Chapter Two: Literature Review

2.1 Concept, Definition and Trends of youth unemployment

2.1.1 Conceptualizing and Defining 'Youth'

The standard UN definition of youth is those people who are between the ages of 15 and 24 inclusive. The age range designed by the United Nations addresses the period when mandatory schooling ends until the age of 24. (Martin, Gary (July 2009).

Two theoretical perspectives that have dominated the debate on defining youth are that of life stage/or youth transitions and youth culture perspective. The first perspective defines youth as a stage in life between adolescence and adulthood. The later perspective defines youth as a socially constructed group with their own sub-culture. (Gough, Katherine V., Thilde L, George O., 2013)

The standard ILO definition of the unemployed are “those people who have not worked more than one hour during the short reference period, which is usually the previous week or day, but who are available for or actively seeking work” (O’Higgins,1997, p. 3).

There is no agreed definition of ‘youth’. It is often understood to be the period of transition from childhood to adulthood, encompassing processes of sexual maturation and growing social and economic autonomy from parents and careers (Bennell, 2007). For operational purposes, it is sometimes defined with reference to age.

However, anthropologists and sociologists draw attention to the fact that social categories such as ‘adolescents’ and ‘youth’ are culturally and historically constructed (Thorsen, 2007), and can change over time and from one social context to next.

Within one geographical location or even household, views on who is included in the youth category may be a matter for negotiation and are closely related to how young people's identities are shaped and perceived (Thorsen, 2007).

Studies on child migrants, for example, reveal that mothers, fathers and children may each have different ideas about the kinds of work that are appropriate for the child in question, depending on factors such as their gender and position in the family and kinship networks (Anarfi, 2005; Whitehead et al., 2007). Similarly, in the eyes of one community a young man without the resources to marry and establish a household may remain a youth longer than another of similar age, illustrating that age alone is an inadequate descriptor (Waldie, 2004).

Classification of young people into different categories is therefore closely related to context-specific norms and customs, such as rites of passage and assignment of social responsibilities, as well as individual drive to acquire independence, prestige and social status.

2.1.2 Trends of Youth Unemployment

The overall unemployment rate declined from 20.4 percent in May 2009 to 18.9 percent in May 2010 and reach to 18.0 percent in March 2011, and the rate further declined to 17.5 in March 2012. With regard to sex, the unemployment rate of male and female shows a downward trend during the four survey periods. However, female are more affected with the incidence of unemployment than male. (CSA, 2012)

2.1.3 Youth Unemployment Rate in Urban Areas

According to the national context, youth comprises those persons aged 15-29 years. As part of the society, youth are vulnerable to the problem of unemployment. The problem of youth unemployment is higher than any other group of the population in urban areas of the country, which, is confirmed by different survey findings. Youth unemployment rate was found 26.0 percent In May 2009 survey. However, the rate declined to 24.5 percent in May 2010 and further dropped to 23.7 percent in March 2011 and reach 23.3 percent in March 2012. (CSA, 2012)

With regard to sex, the unemployment rate of young male declined from 17.4 percent in May 2009 to 16.4 percent I March 2012. The corresponding young female unemployment rate also

shows a downward trend from 33.9 percent in May 2009 to 29.6 percent in March 2012. Periodical analysis of unemployment among the young population displays a marked decline during the four survey periods. In this age group younger females are found more unemployed than their counterparts (table 1).

Table 1: Unemployment Rate by Education Level and Sex in Ethiopia- country Total: 2012

Educational Status	Unemployment Rate		
	Total	Male	Female
Illiterate	15.2	7.7	18.5
Literate	18.1	11.8	26.3
Educational Level			
Pre-school	14.5	2.7	21.9
Non formal	15.0	9.6	23.0
Grade 1-8	16.8	9.6	25.1
Secondary not completed*	20.8	14.9	30.3
Secondary Education Completed**	24.8	16.6	36.3
Preparatory	22.0	18.4	26.3
Certificate Completed***	19.2	12.6	23.7
Diploma Completed	15.1	11.9	19.0
Degree and above Completed	7.3	5.7	12.7

Source: CSA, 2012

*Includes those who completed grade 9 in the new devised curriculum and grade 9-11 in old curriculum.

** Includes those who completed graded 10 in the new devised curriculum and grade 12 in old curriculum.

*** Includes TVET and any certificate above grade 12 in the old curriculum.

2.2 Characteristics and Issues of Youth Employment and Unemployment

Unemployment is one among many issues that youth face in the labor market (ILO, 2006). In both developing and industrialized countries youth are more susceptible to issues such as “long working hours, work with short-term and/or informal contracts, low pay and little or no social protection” (ILO, 2004, p.1). Additional youth labor market indicators recommended by the ILO (2004) to reveal the other layers of the situation of youth include:

Unemployment Duration: Longer spells of unemployment are found to be directly linked to future poverty and social exclusion (ILO, 2004). Identifying those who experience long-term unemployment is recommended in order to design interventions in a timely manner for those who are most vulnerable (ILO, 2004).

For Organization for Economic Cooperation and Development (OECD) countries, unemployment duration has decreased from 1993–2000. ILO (2004) argued that this measure is more relevant for advanced countries because youth in developing countries cannot afford to be unemployed for longer periods. However, such a generalization across developing countries may not be true. In some developing countries, cultural values and social and family ties may allow youth to spend longer periods of times with their families, without working.

Underemployment: Underemployment implies that employed people are working below a certain cut-off point of hours although they would like to work more if work were available (ILO, 2004). ILO (2004) stated that there is a connection between underemployment and poverty. A high level of underemployment among youth might imply that youth lack the power to bargain for more hours or better conditions.

Incidence of Temporary Work: Youth are more likely to hold temporary jobs than adults (ILO, 2004). The problems associated with temporary work are “higher risk of job loss and labor market exclusion,” and lower wages (ILO, 2004, p.16).

Employment Status: Under the assumption that wage employment is desirable, a high prevalence of unpaid family work, for example, might imply that youth are facing difficult job entry transitions (ILO, 2004). The prevalence of non-wage work is especially high in developing countries (ILO, 2004).

Informal Economy Employment: There is not enough evidence about the incidence of informal unemployment among youth; however, trends in some countries point to the increased presence of informal, unprotected employment in urban areas (ILO, 2004). In Latin America, informal employment is the most feasible option for many youth when they enter the labor market (ILO, 2004).

Jobs in the informal sector are those that usually pay very low wages and lack social security (ILO, 2006). ILO has coined the term “working poverty” to identify those situations where people work “for long hours for low wages under poor conditions and with no social security or any voice” (ILO, 2006, p. 24).

Sectoral differences in employment: Especially in developing countries the prevalence of informal employment is higher in the agricultural and the service sector (ILO, 2004). Osterman (1980) found that most youth start out their careers working in secondary jobs and move to primary jobs later on in their careers.

Primary jobs offer better opportunities of training and stability (Osterman, 1980).

Secondary jobs, on the other hand, offer fewer opportunities and require fewer skills (Osterman, 1980). Osterman (1980) explained that as much as this is related to behavior of the youth, it is also related to the nature of demand for youth labor. He explicated that employers of primary jobs tend not to choose young employees while the opposite is true for employers of secondary jobs (Osterman, 1980).

Discouraged Workers, Neither in Education nor Employment (NEET): The discouraged workers are those who have given up looking for work since they believe there is no opportunity for them in the labor market (ILO, 2004). The incidence of the discouraged worker phenomena is higher among adults in some countries and it is higher for youth in other countries (ILO, 2004).

Women are more likely to be discouraged workers than men (ILO, 2004). The NEET rate is considered to be a useful measure of “non-utilized labor potential of the youth population” (ILO, 2006). It is a measure of those who are inactive due to reasons other than education such as disability or engagement in household work as well as those youth who are unemployed. For those countries for which data are available, the youth NEET rate is the highest for Central and Eastern Europe, 33.6 percent; followed by sub-Saharan Africa, 27 percent; Central and South America, 21 percent; and Developed Economies and European Union, 13.4 percent (ILO, 2006). Once again, for those countries for which data is available, NEET rates among young females are higher than among males (ILO, 2006). ILO (2006) has speculated that the total of those who are unemployed and those who are involuntarily out of the labor force would be a suitable measure of “social exclusion” and thus would be of good use to policy makers who wish to provide support to those who need it the most. Thus NEET is also a useful measure of “vulnerability” (ILO, 2006).

Wages: ILO (2004) has stated that there is a gap between adult wages and youth wages arising from lack of experience, but there is no straightforward answer to how great a gap is acceptable. *Various Indicators of Job Satisfaction:* Another measure of labor market conditions for youth is an indicator of job satisfaction. However, satisfaction rates are difficult to measure. ILO (2004) has pointed out that the school to work transition survey that ILO is implementing across countries could be a good start to measure job satisfaction.

2.3 CAUSES OF YOUTH UNEMPLOYMENT

The problem with high youth unemployment has many reasons, which can be divided into two categories, or levels; the macro level and the micro level.

The macro level contains issues that are of more international character which individual countries cannot directly affect through interventions, laws and various programmes. One such factor is globalization which has increased the international competition over the years according to Faria et al. (2010). This is also acknowledged by Cerny (2010) who says that there are two categories of people within a state; one that gains from globalization through the possibility of making their business transnational, and one that loses from globalization through higher unemployment and lower wages.

The growing rural-urban migration is contributing to rising urban unemployment, which in turn has led to increased international migration. Environmental degradation with growing economically active populations has also increased labor and forced migration both in the country and across the borders. With a population estimated at 75 million, out of which 50% are below the age of 20. Ethiopia is bound to face considerable youth unemployment and under-employment both in the rural and urban areas. Though it is difficult to accurately estimate the magnitude of irregular migration, there are some assessments and research that show the huge increase in migration in and from Ethiopia, in particular by the youth. (UNDAF, 2011)

2.4 CONSEQUENCES OF YOUTH UNEMPLOYMENT

Potential Side Effects Caused by Youth Unemployment

Unemployment among youths is known to have negative effects on both the society and the unemployed themselves. Some of the aspects are discussed in the following sections.

2.4.1 Poor Health

One common example of side effects that hit unemployed, according to many researchers, such as Hammarström (1996) and O'Higgins (1997), is the deterioration of their health.

According to Rantakeisu, Starrin and Hagquist (1996), there are three types of health problems that are central in this situation. Firstly, it is common for unemployed persons to get struck by depression and other psychological problems, which can create a great amount of stress on the body. Secondly, physical problems, such as an increased blood pressure, appear as a result of the psychological stress. Lastly, unemployed persons may adopt new habits or types of behavior that are bad for the health; such as smoking, the use of narcotics and an increased consumption of alcohol.

Some psychological problems that affect unemployed youths, according to Hammarström (1996), are anxiety, insomnia, abeyance and impeded self confidence. The longer the spell of unemployment is, the higher is the risk of getting psychological problems. Among youths the risk of getting psychological problems is about three times higher, when being unemployed as compared to someone who is not unemployed.

2.4.2 INCREASED PUBLIC COSTS AND TAX LOSSES

Unemployment is the largest economical problem the municipalities face, according to Svenska Kommunförbundet (1997). The municipalities are regularly assisting with labour market programs (Lundin, 2008), which is costly. In addition the municipalities are the ones responsible for providing the economic support to the inhabitants in need. Nilsson (2010), continues by demonstrating how costly unemployed youths are, especially if they have other problems as well.

Another aspect of the cost for the municipalities is put forward by Ungdomsstyrelsen (2006). As they point out there is not only the higher costs that worsen the economy of the municipality, but also the lower revenues from taxes and consumption. The smaller is the labour force the less tax money is collected and less money can be spent on health care, education and other essential functions (Nilsson, 2010). The same conclusion is drawn by Lundin (2008), who claims that the municipalities, as a consequence, have a great interest in labour market policies even though the general policies are decided on a national level and the tasks administrated by the local employment offices.

2.4.3 Criminality and Drugs

Another side effect that is negative, not only for the unemployed youths themselves, but for the society as a whole is the increased risk for drug usage and the increased risk of drug abusing youths committing crimes (O'Higgins, 1997).

As Singell (1984) explains, when the number of legal opportunities is beginning to peter, illegal activities are exploited instead. In Hammarström (1996), it is stated that a higher unemployment of youths increase the use of cannabis. It is not only the risk of drug abuse that increases when the youth unemployment increases, also the amount of property crimes tend to increase.

A study by Britt (1994) on American time series data indicated that the amount of property crimes, such as robbery and burglary, did not increase when the youth unemployment did. However, he found a relation between the lagged unemployment variable and the number of property crimes. This suggests, like Singell (1984), that unemployment does not immediately

turn the youths into criminals, but as the spell of unemployment increases the risk of them committing crimes increases.

2.4.4 Negative Effects on Future Career

Even if the unemployed youth manages to find a job the negative effects are not over. According to Nordström Skans (2004) the risk of being unemployed again within the next few years is larger if one ended up unemployed after the upper secondary school.

The same discussion is held by, for example, O'Higgins (1997) and Singel (1984). As O'Higgins (1997) states, a period of unemployment early in one's career may damage one's future job prospects as well as the wage level. This is also observed by Singel (1984) who says that early work experience is significantly connected to the wage received as an adult.

CHAPTER THREE: RESEARCH METHODOLOGIES

3.1 DESCRIPTION OF THE STUDY AREA

The research will be conducted in Kombolcha woreda. Kombolcha is and Wereda in north-entrnal Ethiopia. Some guide books describe Kombolcha as the twin city of Dessie which lies some 13 km to the northwest. The wereda is located in South Wollo Zone of the Amhara Region. The wereda lies between 11°6' North and 39°49' East with an elevation between 1842 and 1915 metres above sea level. It is situated at 505 km and 375 km from the regional capital Bahirdar and Addis Ababa respectively.

Kombolcha has five urban kebeles and six rural kebeles. The woreda has 104,695 populations size, out of which 75, 481 (72%) household are lived in urban kebeles; 29, 214 (28%) are living in rural kebeles.

This city is home for Combolcha airport, Kombolcha Steel Products, a metalworking factory that is part of MIDROC, a conglomerate owned by Sheikh Mohammed Al Amoudi, Kombolcha Textile Factory (KTF), which announced in 9 March 2009 that it was begging a 190 million Birr modernization project to improve the quality of its projects. At the time of the announcement, the KTF exported its goods to Italy, Sweden, Belgium and China. The city is also home for Kombolcha Brewery (BGI Ethiopia) and many more mega and micro industries.

3.2 METHODS OF SAMPLING

In an effort to generate the necessary data and information from the representative sample of the survey population, which is relatively homogeneous, out of the 11 kebeles 5 kebeles are selected using simple random sampling methods. Then using systematic sampling technique, a sample size of 384 household will be drawn from the selected kebeles proportional to the size of each category. The reason for using systematic sampling technique is that there is a complete name list of the population, facilitating the use of this particular sampling method.

The following specific sampling procedures will be followed.

5. Selecting five kebeles among the eleven kebeles which are under the problem of youth unemployment in the woreda using simple random sampling technique.
6. Obtaining the name list of youth who are unemployed in the selected kebeles from agriculture and rural development office of the woreda.
7. Preparing a new sampling frame with sequential numbers on the basis of which the systematic sampling can be conducting for each kebeles.
8. Conducting of systematic sampling for each of the five selected kebeles

3.3 METHODS OF DATA COLLECTION

The research will base on both qualitative and quantitative data and information that will be gathered from households, national, regional, woreda and kebele government bodies as well as from all the relevant bodies, using the following data collection instruments.

Questionnaire administration- administration of questionnaires will be the chief instrument for the collection of data in the research; accordingly, a multiple pages of questionnaire, asking both qualitative and quantitative questions, will be responded by each of the informants with the help of trained enumerators.

Focus group discussion- this will be conducted by forming some small homogeneous groups of selected informants from the survey population with some 8 to 12 individuals in each group. This is an appropriate instrument for qualitative data collection in that it provides some quality control on the accuracy of the responses given by the participants, as the participants in the focus group discussion are checked on each other's opinion. Moreover, it will give the chance of gathering valuable information from many people at a time.

Semi-structured-interview - This will be extensive and qualitative interview conducted mainly with the respective officers of the woreda and kebeles on the more complicated. In addition to this, some officers from the Bureau of Agriculture and Rural Development, Bureau of Women, Children and Youth and other relevant bodies will also be interviewed.

Direct observation- the researcher, along with the enumerators and other relevant bodies will make some personal observations to kebeles and households considered in the study in order to perceive the characteristics of the households, their living situations and other related conditions of entrepreneur climate and youth unemployment in kebeles level.

3.4. METHOD OF DATA ANALYSIS

Method of data analysis depends on kind of data need and research instrumentation adopted. In this regard the researcher will collect both a quantitative and qualitative data from sampled household respondents. The data collected through close ended and open ended questionnaires, interview, focus group discussion and direct observation will be coded, encoded and edited in data analysis soft ware tools.

At the end of data collection the researcher will use SPSS or E-views and MS-excel to analysis the data that will be collected. The specific method used is what Halvorsen (1992) calls a bivariate analysis. The concept refers to an analysis of two variables. Nevertheless, the actual regression model used for the statistical testing of the relationship between the variables will make use of more than two variables due to the difficulties of creating an entrepreneurial climate variable.

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(<http://www.mongabay.com/history/ethiopia/ethiopia-unemployment.html>)

(<http://www.ilo.org/public/english/employment/strat/publ/etp7.htm>.)

Appendix E: Schedule of the Research

Table 10: Schedule of the Research

No	Research Activities	Time Required
1	Identification of the problem	2 weeks
2	Review of literature	2 months
3	Identification objective	1 week
4	Preparing the proposal for the research	1 month
5	Questionnaire development and collecting sample data	2 months
6	Collecting the main data the informants (field work)	2 months
7	Analyzing the data collected	2 weeks
8	Write the first draft of the thesis	2 months
9	Rechecking of the previously collected data, filling gape in the analysis, collecting further data and reanalyzing of data	1 month
10	Writing the final draft and the submission of the thesis	2 weeks
	Total	One year

Appendix F: Budget Schedule of the Research

Table 11: Budget Schedule of the Research

Item no	Expense description	unit	Quantity	Unit price in birr		Total price in birr	
				Birr	Cent	Birr	Cent
1	Stationery and equipment expenses						
1	Duplication paper	ream	6	90	00	540	00
2	Squared paper	ream	3	35	00	105	00
3	Lined paper	ream	3	35	00	105	00
4	Note pad	pieces	5	10	00	50	00
5	Pens	pieces	25	1	00	25	00
6	Flush disk	pieces	2	500	00	1000	00
7	Walkman tap-recorder	pieces	1	600	00	600	00
8	Audio cassettes	pieces	5	5	00	25	00
9	Calculator	pieces	1	150	00	150	00
10	Bag	pieces	1	600	00	600	00
	Sub-total					3,200	00
2	Secretarial services expenses						
1	Photocopy(materials)	page	1,000	0	50	500	00
2	Printing (materials)	page	1,000	1	00	1,000	00
3	Final printing and binding	page	100x5	120	00	600	00
	Sub- total					2,100	00
3	Travel and perdiem expense						
1	Transportation to kebele (six)	Trip	6x6	40	00	1440	00
2	Perdiem for researcher	days	50	70	00	3,500	00
3	Perdiem for local guides (seven)	days	7x10	40	00	2,800	00
	Sub – total					7,740	00
	Total					13,040	00
	Contingency (10%)					1,304	00
	GRAND TOTAL					14,344	00

CARRICULUM VITAE

I. PERSON SPECIFICATION

Name	Wondimagegne Chekol
Date of Birth	January 20, 1957
Place of Birth	Gonder, Ethiopia
Nationality	Ethiopian
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Language	Amharic, English, German

II. EDUCATION

PhD in Agriculture, Goettingen University, Germany, 1989-1994

MSc in Agriculture, Goettingen University, Germany, 1983-1987

BSc in Plant Science, Addis Ababa University, Alemaya College of Agriculture, Alemaya, Harar, 1977-1980

Bahir Dar Secondary School, 1969-1972

Bahir Dar Elementary School, 1963-1969

II. TRAINING and Study Visit

Leadership and Management at St. Mary's University College (2011)

Soft ware package for social science at St, Mary's University College (2011)

Project Cycle Management at St. Mary's University College (2010)

Three-month researches leave at Bonn University, DAAD, Germany (2013)

Three-month researches leave at Bayreuth University, DAAD, Germany (2009)

SAQA (South African Qualification Authority) (2008)

Quality Assurance Mechanism in Higher Education Institutions, Addis Ababa (2007)

Management of Vocational Education, Tianjin University of Technology and Education, Tianjin, Peoples Republic of China (2007)

Leadership and Management, Ethiopian Management Institute, Addis Ababa (2003)
Three-month researches leave at Bayreuth University, DAAD, Germany (2005)
Project planning and Monitoring, ASARCA, Nairobi, 2004
Monitoring and Evaluation, EARO, 2002
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III. WORK EXPERIENCE

Assistant Professor and Dean of Institute of Agriculture and Development Studies, School of Graduate Studies , St. Mary's University, March 2014 to date

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Member of the task force to produce "The Ethiopian National Qualification Frame work", Representative of Higher Education Sector. Produced Ethiopian National Qualification Framework and Implementation Documents for the Ministry of Education

Senior Expert and team Leader Quality Audit in Higher Education Relevance and Quality Agency, since December, 2006

Worer Research Center Director, 2003 -2006

Associate Researcher I EARO, Worer Agricultural Research Center 1999-2006

- Soil research Section Head, Worer Agricultural Research Center 1999-2003
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Assistant Lecturer, Alemaya College of Agriculture, 1982

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Graduate Assistant, Alemaya Agricultural University, 1981, Ethiopia

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Graduate student, International Live stock Center for Africa (ILRI), 1988, Addis Ababa, Ethiopia

High school teacher, Arbaminch Secondary School, 1974-1976, Ethiopia

V. RESEARCH

Publications

Wondimagegne Chekol, 2014: *Prosopis juliflora* Management in Afar Regional State, Stakeholder Analysis: Paper Presented on IGAD International Workshop May 1-3, 2014 Submitted for publication, July 30, 2014

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Tamire Hawando and Wondimagegne Chekol and et al, 1982: Effects of soil and water conservation on the yield and growth of sorghum in Hararghae Highlands, annual report soil science research program, Alemaya College of Agriculture.

Tamire Hawando, Wondimagengne Chekol et al 1981: Land use planning, soil fertility and soil conservation studies in Harerghe Highlands; summary research report, Alemaya College of Agriculture, Ethiopia

Extension work, Legambo Project (FAO funded), main activities were: soil classification and mapping, Land use planning, soil conservation and Agro-forestry, Alemaya College of Agriculture 1979-1982, Ethiopia

VI SKILL and ATTITUDE

Computer literate, Word and Excel

Aware of HIV/AIDS and Gender Equality

Familiarity with Afar community and culture and their way of working

VII OTHER ACTIVITIES

Vice President of the Ethiopian Soil Science Society since 2010

Editor in chief of the Ethiopian Society of Soil Science, since 2000

Chairman of the African and Asian Academician, George-August University, Germany (1990-1994)

Coordinator in the scaling up of modern Agricultural Technology in Afar Regional State (2003-2006)

Serves as Advisor and Co-advisor of MSc students at Hawassa and Haremaya Universities, since 2003 to date)

Member of the screening committee for German Academic Exchange Service (DAAD) PhD Scholarship candidates

Member of the advisory committee of the DG of Ethiopian Agricultural Research (2003) Institute

Partner for the implementation of Afar Livestock Recovery Project of FAO Funded by Norwegian Development Fund (2003- 2006)

Resource Person of Farm Africa Projects in Afar Regional State (1999-2006)

Partner for the implementation of PCDP Project in Afar Regional State (2003-2006)

Partner for SASAKA Global Rice Research and seed production since 2005 to date

Vice Chairman of the Ethiopian Soil Science Society since 2010

Secretary of the Ethiopian Soil Science Society since 2010 -213

Member of Ethiopian Agricultural Society

Member Ethiopian Soil Science Society

Member of German Soil Science Society

Reference:

Dr. Tareke Berehe, ATA

Dr. Berga Lemga, ATA

Dr. Kidane Georgis