

Gender Inequality in Youth Employment in Urban Ethiopia: Trends and Policy Implications

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ABSTRACT: *The issue of employment for youth and women is a matter of concern as these groups tend to be disadvantaged in the labour market. This paper attempts to investigate the changes in distribution of youth labour participation and wage gaps in urban market based on gender. The study employed a mixed quantitative and qualitative research approach. Gender wage gap and Employment Outcome Estimation models applied. The Urban Employment Unemployment Survey (UEUS) cross-sectional data collected annually, over the 2003 to 2018 period, is used as the main source to provide new evidence on the distribution of gender inequality in youth employment in urban Ethiopia. Further, qualitative data is collected from 10 key informants from government institutions. The findings indicate that wage employment is dominated by male workers over the last two decades while vulnerable employments and unpaid family works are dominating by the young female. The gender wage gap has been widening over the last two decades suggesting the young female workers have benefit little from the labor market opportunities. The wage gap was more due to unexplained factors than the explained ones (differences related with choice of industry and occupation, education and potential experiences). Based on the findings the following recommendations are forwarded: Information dissemination system for young women regarding the labor market should be improved, work on societal norms and values that encourage gender discrimination, government should apply its coercive power to enforce policies to minimize employment gender discrimination, the education system should be skilled-based with provision of entrepreneurial skills trainings to student.*

KEYWORDS: Gender, Inequality, employment, youth, urban, policy

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INTRODUCTION

Employment is one of the instruments governments use for eradicating poverty and sustaining economic development. Youth and women are considered to be advantaged groups in the labour market that employment becomes an issue of significance for them (Koehler, 2013). In analysing youth employment outcomes, it is important to focus on the gender differentiated long term prospects of the job in terms of employment rights and security. This is based on the notion that young job seekers with slim prospects for decent work at their entry potentially face precarious labour outcomes over longer time (ILO, 2012).

Youth employment and gender parity in employment are among the main development challenges for many countries, including those in Africa. For Sub-Saharan Africa, in 2020, the young male employment-to-population ratio estimate was about 42% compared to female employment-to-population ratio of 38%³. Ethiopia is not an exception: where young employment to-population ratio for female is 59% and for male 68%. The deprivation of women in social, economic and political activities affects economies negatively as empowering women is empowering the society (Doepke & Tertilt, 2010). The UN also argues planning sustainable development without women is impossible as they constitute almost half of the world population.

Considering the impact of gender inequality in the overall development of countries, the UN has emphasized promoting gender equality and empowering women as one of the Millennium Development Goals (UN, 2010). Despite of the efforts of countries and some improvements; gender in equality and youth unemployment still remains to be a key challenge (UN, 2016). Thus, The UN has moved from Millennium Development Goals (MDGs) to Sustainable Development Goals (SDGs) in 2016 to ensure sustainable development worldwide in 2030. The SDGs has considered achieving gender equality and empowering all women and girls as one of its goals.

Ethiopia is one of the signatory countries of the MDGs, SDGs, the 50 year AU plan (2013-2063) and other many declarations that aimed at promoting the lives of the youth and women. The commitments of the Ethiopian government to improve the participation of women in the social, economic and political arenas are declared in its 1995 constitution particularly article 25 that envisages the equality of all persons before the law regardless of their gender and forbids any discrimination based on their gender and article 35 that assures equal access to economic opportunities that embraces right to equality in employment and land ownership. The government promulgates women national policy in 1993 that coordinated the socio economic issues of women and affirmative action privileges. Moreover, the Ethiopia's Labour Proclamation No.1156/2019 (FDRE, 2019) outlaws any discrimination on the basis of gender that hinders equality of

³Source: www.data.worldbank.org/indicators, accessed on May 21, 2022.

opportunity or treatment in employment or occupation. Moreover, ILO & MoLSA (2017) recognizing the Ethiopian government efforts argue:

"Noting that the most valuable asset of Ethiopia is its human resource, engaging them in productive employment would lead the country to a lasting and sustainable growth. However, unemployment and underemployment remains a serious challenge for the country despite tremendous efforts made by the Government of Ethiopia to promote employment opportunities in recent years." (piii)

The Ethiopia's economy has been enjoying strong economic growth with average growth rate of 9.8% between 2008 and 2019 (World Bank, 2020). Poverty has significantly reduced from 55% in 2000 to 24% in 2020 (World Bank, 2016; 2020). Along with the strong economic performance, the gender gap in education has significantly reduced with gender parity attained in primary education and female enrolment is 4% lower than male in secondary education in 2019⁴. This makes Ethiopia having the most educated youth populations in its history. Furthermore, Ethiopia has entered to a demographic dividend with the youth labour contributes 70% of the total 115 million population in 2021 (Mulata, 2021).

Despite the aforementioned efforts and opportunities, the economic growth was limited to low productivity agriculture and service sectors (Mezgebo, 2021) and without the required structural transformation in the economy (Gollin et al., 2016). Such transformation diminishes prospects of finding decent jobs in the labour market over the long term which likely fuels gender inequality particularly in youth employment. Governments in many developing countries progressively considering different ways to improve youth employability though most of them overlook the employment opportunities in the economy expected to improve with economic transformation (Fox and Kaul, 2017). Apart from the gender gap in employment, underemployment is pressing issues. Underemployment consists of willing to work but not seeking work, will to work but only working as part-time, and engaged in job that doesn't reflect their level of education or their financial needs (Feldman, 1996).

Owing to the high fertility rate, one third of the world's youth population is expected to live in Sub-Saharan Africa by 2050 (AfDB, 2015). A large and growing youth population is a distinguished challenge to many countries in the sub-Saharan Africa. Like many sub-Saharan Africa countries, Ethiopia's population is predominantly young and the urban areas reflect the youth bulge. In 2012, young people between the ages of 15-34 accounted about 43% of the total urban population (CSA, 2012). Over the last decade, with the high population growth, Ethiopia has created a reservoir of youth people for the labour market. This is particularly evident with supply of youth labour in urban areas rising at 11% annually (Woldehanna et al., 2019). These

⁴Source: <http://www.data.worldbank.org/indicators> retrieved on 05/08/2021

facts show that the youth population is increasing overtime but the effects of such trends on youth employment and gender inequality is less understood.

About two third of the Ethiopian youth population is employed although most of them engaged in low-return high-risk informal sector (Woldehanna et al., 2019). This is often the case for young women that potentially make the women disadvantaged at almost every level and situation. According the World Bank data, in 2018, unemployment of the youth ages 15-24 is 2.8% and 4.7% for female and male respectively. But this low unemployment rates not necessarily signal better youth labour outcomes as they potentially mask high rates of underemployment, vulnerable employment, informal works and working poverty (Pieters, 2012, Woldehana et al., 2019).

The labour market in Ethiopia persistently fails to provide opportunities for women as the incidence of female unemployment is very high compared to their male counterparts. According to CSA (2020) urban employment unemployment survey, about 39.9% female are employed compared to 60.6% of their employed male counterparts. The informal sector – characterised as low paying and insecure jobs and devoid of social benefits of the worker against labour related shocks – dominates employment in the urban labour market and female workers consists of about two third of the sector's employment (Mezgebo, 2021). The females' situation of inadequate and insecure employments is a worrying issue in the notion of effective poverty reduction mechanisms. A study conducted by Wright (2020) shows that Ethiopian government has different institutions and laws to empower women but little has been done on societal norms and cultures that obstruct gender equality. According to study on youth unemployment by Broussard & Tekleselassie (2012), youth women have significantly higher unemployment rates than youth men and are engaged in informal labour market. In 2014, about 28% of female within 15-29 age are unemployed in the urban labour market compared to 18% of their male counterparts (Berhe, 2021). As part of youth employment program, incentives for job search brought positive effect on formal job employments and less educated youth benefited the most (Fox and Kual, 2017).

Few studies conducted on gender inequality with respect to employment but the major focus of this study, gender differentiated youth employment in the urban labour markets and the youth wage gaps between men and women are not covered in the studies conducted earlier. To mention some, a study by Yenew (2019) dealt with the factors that contribute to women unemployment and has found out that place of residence, educational level, pregnancy, breastfeeding, wealth index, age of the respondent and marital status have significant impact on women's employment. Wright (2020), in the study on the measures taken by the Ethiopian and Mexican governments to minimize the gender gap, indicated social norms and cultures have dominant roles in gender inequality.

Thus, to fill the knowledge gap, this study examined the changes in distribution of youth labour participation in urban market based on gender and gender pay gap thereof. Studying the dynamics in distribution of youth employments in the urban market, youth school-to-job transitions and if

the labour market values the same skill differently depending on gender of the worker will help to characterize behaviour of the labour market. By doing this, this study aims to add inputs to urban discussions in terms of job creating inclusive growth strategies and will offer inputs in designing policy interventions aimed at harnessing the benefits of youth bulge. Therefore, this study aims to answer the following research questions:

1. What are the youth employment outcomes and patterns across occupation/sectors based on gender?
2. What is the magnitude and dynamics of gender wage gap across public/private sectors?

Youth unemployment

Youth unemployment is one segment of the overall unemployment. Countries define youth differently but in this study the African youth charter definition will be adopted. Therefore, youth unemployment refers in this study the unemployment pertaining to ages between 15-34 years. Youth unemployment has been widely investigated in the economic literature and the approaches can be grouped into two depending on whether they analysed from a microeconomic and macroeconomic perspective. The macroeconomic viewpoint examines aspects of youth unemployment using the overall features of youth labour markets. These mainly include aggregate demand, size of the youth labour force and youth wage (O'Higgins, 2001). A decrease in aggregate demand leads to a decrease in demand for labour in the economy and fluctuations in aggregate demand affect the youth disproportionately. The youth are more vulnerable to be laid off because they have often jobs with limited employment protection or they are inexpensive for firms to fire (Bell and Blanchflower, 2011a). At times of economic recession, firms stop hiring which affects more the youth because they account for the majority jobseekers (Shimer, 2012). During periods of crises, firms may become more selective and exclude young candidate due to lack of experience (Chouldhry et al., 2012). Additionally, evidences show that youth are inefficient in searching jobs (Bell and Blanch flower, 2011b) which has consequences of joblessness and the pace of recovery is slower for the youth than that of adults (ILO, 2010). This notion has important implication as the slow recovery might have differential impact depending on gender of the young worker because female youth often have limited access to information in the developing countries context. But under similar macroeconomic circumstances, without diminishing of their importance, it is interesting to understand why some youth have employed in better paying jobs while others cannot which is also the focus of this study. Difference in the characteristics of youth individuals could affect the chances of finding a job, the microeconomic perspective. The influence of gender and birthplace on youth labour outcomes is widely known the literature (e.g. Msigwa, 2013; Escudero and Mourelo, 2013). However, human capital endowment is often considered as the principal determinant of employment. Individuals endowed with better education or professional experiences are more appropriate to be successful when searching for jobs (Mincer, 1974). Indeed, employers used education credentials to select potential workers because better-educated candidates can be trained for specific jobs at a lower cost and quickly (Thurow, 1975) and can

adjust and performer better under changing conditions (Schultz, 1975). Although educational attainment is often the direct proxy to measure human capital, it is important to note that young people lack other important components. The knowledge acquired through formal education is not sufficient for firms because it not directly transferable into productive soft skills (Carmeci and Mauro, 2003). A recent study by Rahman et al. (2020) found that skill mismatch as the main attribute to youth unemployment. Additionally, factors such as gender, marital status, geographic location and education are the main attributes to youth employment outcome differncials in Tanzania (Msigwa and Kipasha, 2013; Ndagijimana et al., 2018).

Significance of Gender equality in youth employment

It is inevitable that planning development without women is impossible because women and girls constitute almost half of the world population. Many studies show that empowering women socially and economically has direct and indirect impact on the development of countries.

John Ward, Bernice Lee, Simon Baptist & Helen Jackson (2010) pointed out that equipping women is very imperative because of their contribution to the forthcoming generation and labor market. Some of the results they have found out in their study are: the more women are empowered with education the more they contribute value to the economy, greater opportunities given to women to control household resources would enhance the human capital of the upcoming generations as women most likely spend their resources on children than their men counterparts, better family planning and maternal health access improves the number of women who participate in the labor force as a result the labor market becomes more competitive, minimizing gender gap in the labor market makes it more competitive due to the participation of talented and capable women and the increment in the number of women policy makers in parliament are associated with statistically significant decrease in corruption practises . Generally they have argued that gender equality enhances economic growth in the following ways:

Human capital: empowering women inevitably contributes much to the economy of countries as they constitute almost half of the population.

" Better educated women can undertake higher value economic activity. Countries are rarely wealthy if they have poor gender equality in education. With the exception of resources rich Oman, Bahrain, and Saudi Arabia, no country has achieved both GDP per capita of over \$10,000 and a ration of girls to boys in primary education of less than 90%. "p^{viii}

Chen, (2004) in his study found out that society/family especially mother's level of awareness or culture have impact on women education access and women education level would have impact on their employment level. Women's participation in the labor force would improve development and vice versa.

The prevailing level of education among the population has a statistically significant positive effect on gender equality in the labor market. It is postulated that education in general tends to broaden one's awareness of cultures and social norms that exist in other societies, and that in many of these societies, especially in industrial economies, females are in most circumstances entitled to the same freedoms and opportunities as extended to males. In addition, there was some evidence suggesting that gender equality in education, measured by the female to male ratio of the average years of schooling, also has a statistically positive effect on gender equality in employment. In other words, reduction in gender inequality in education shows signs of reducing gender inequality in the labor market. Lastly, the results also provide some evidence that economic development tends to increase gender equality in employment (p.15).

Gender wage gap

The literature on labour markets groups the skill structures as supply side and demand side factors. The supply side factors include of the individual's measurable human capital skills such as education and experience. Mincer (1974) argues experience and education play key roles in productive capacity. Education and experience are often positively associated. Jobs that require relatively higher level of education tend to require higher job experiences as revealed by entry requirements and experience-wage premiums (Tahlin, 2007). Young people are relatively better educated and less experienced but often less competitive in high-skill jobs than in low-skill jobs. Nonetheless, understanding the dynamics of youth people transition to work and the gender differences in employability would be important to fill knowledge gaps in policy-relevant issues. The gender wage gap is persistent and significant in the labour market due to the discrimination, differences in value of the non-observed productive capacities. This is often manifested as the sectoral segregation and/or occupational discrimination. The sectoral segregation – described as the magnitude and manner in which wage distribution of women and men varies across sectors – is supposed as potential source of the gender wage gap (Gibbon and Katz, 1992; Abowd et al., 1999). Similarly, the gender wage gap could arise due to specific characteristics of employers linked to occupational discrimination – meaning when workers with identical productivity characteristics receive unequal incentive. In both types of discriminations, the non-observed productive capacities of workers potentially play a major role in the inter-industry gender wage differentials. However, the existence of these wage differentials still remains unresolved puzzle (Hartog et al., 1999).

In the African labour market, however, it is important to differentiate between the private and public sector. The public sector is small, relatively regulated and values human capital endowments equally assuming the recruitment/promotion process remains transparent while the private sector is free of those regulations. Furthermore, the public sector is likely affected by political interference while the private sector is subject to profit motives and free of political constraints. The customs and traditions may significantly affect the labour market and put the

women workers at disadvantage. There are also cases where companies exclude women from certain better paying jobs known as “masculine” job (Zellner, 1972). In Ethiopia, for instance, women are disproportionately represented in the informal employments mainly dominated by activities of the private sector (Mezgebo, 2021). Hence, the discrimination coefficient is expected to be higher in the private sector and contributes to low remuneration of women in the private sector.

Research Design and approach

Descriptive and explanatory mixed methods research design was employed. Descriptive research design is used to describe the current state of affairs, whereas explanatory research design is better for connecting ideas to understand the cause and effect of the variables (Kothari, 2004). Descriptive research is used to examine the current situation of youth unemployment in a gender perspective. Explanatory method is used to understand factors affecting the employment decisions and that contribute to the likelihood of employment in the public and private sectors. Both quantitative and qualitative research approaches are used and are analysed concurrently.

Type and Data Sources

This study has used quantitative and qualitative data from secondary and primary sources respectively. The quantitative source data was the national survey from the National Labour Force Survey (NLFS) and Urban Employment Unemployment Survey (UEUS) of Ethiopia, carried out annually by the Central Statistics Authority (CSA). The NLFS has collected cross-sectional data from a sample of households in four rounds in 1999, 2005, 2013 and 2021. The UEUS also collects nationally representative cross-sectional data from all urban centres annually since 2003.

This study used a sub-sample of NLFS and UEUS datasets that covers 1999 to 2021. It is important to note that during the period 2003-2018, Ethiopia has achieved strong economic growth and administered with same governance system. Both dataset captures information on individuals' demographic characteristics, trainings, employment and job. As indicated in the discussions above, this paper aims to understand whether the gains from economic growth have contributed to create inclusive employment opportunities to youth and pay equity among workers and regardless of gender of the workers.

The annual surveys were carried out on a sample of urban households⁵ selected via stratified random sampling. The dataset provides employment unemployment details of individuals in the household such as wage, sector, occupation, and human capitals related characteristics. The main

⁵ Urban centers are any locality having a municipal administration or a population size of 2,000 or more inhabitants of which 50% of its labour force is engaged in non-agricultural activities (FDRE, Council of Ministers Regulation No.374/2016)

advantages of the dataset are: (1) employment and earning information of the individuals is provided and (2) the same information is repeated over time but not from the same individuals.

The definition of youth is not simple though the concept underlies the transition between childhood and adulthood. The conventional norm, and most prevalent in many researches, typically considers the youth as the 15-24 years old (see UN, 2004; Filmer and Fox, 2014). But many governments have extended the youth cohort beyond the 24 years old. For instance, the African Youth Charter have extended the age group for the youth up to 35 years old to account Africa's development realities in terms of the challenges faced the youth in effectively integrating into society (UNECA, 2011). This is because the transition from school to work is blurred in Africa as many people combine work and school during the teenage (Betcherman and Khan, 2015).

Adapting the African Youth Charter definition, the study considered individuals between 15 to 34ages. In addition to the discussion previously, considering the 15-34 age cohort has the advantage of understanding employment issues for two third of the working-age population (Betcherman and Khan, 2015). Hence, the analysis used a sub-sample of the NLF and UEUS focusing on youth within the age of 15-34. The dataset includes major industry and major job group classifications. Accordingly, the main job and industry classifications will be used for analyse of the distributions in gender employment and wage gap.

The survey also collects details of the main job such as hours worked weekly, payment modality and monthly earnings. In assessing pay equity, hourly pay is the pertinent measures as it helps to capture what individuals are being paid when performing similar works (Baker and Drolet, 2010). The analysis controls for several individual and job-related covariates. Data from the ILO and World Bank data sets were used for national indicators of economy and growth as well youth employment. Variables such as labour force participation, employment distribution and sectors' value added proportion to GDP will be secured from these sources.

Based on the findings from the quantitative data analysis, primary data was collected from higher officials of the Ministry of Women and social affairs (MoWSA) and Ministry of labour and skills (MoLS). Doing this helps to capture expert opinions on the problem under investigation and to understand activities being undertaken to alleviate problems related with youth employment and gender inequality. Accordingly, 5 key informants from each institution were selected using purposive sampling. Thus, a total of 10 respondents were interviewed.

Data analysis

Descriptive statistics and inferential statistics were applied to analyse the quantitative data. An econometric model was adapted to estimate the gender wage gap and examine the sources of the gap that include the trends. The detail discussion on the estimation model is discussed in the subsequent section. The qualitative data was transcribed and coded and classified into themes as

per their thematic thoughts and content analysis was used to analyse the data. Doing this helps specifically to clarify how the government actors are being involved in issue under investigation which is youth unemployment and what they achieved in doing so and what not.

Estimation Models

Employment Outcome Model

As discussed previously, the study seeks to examine the youth employment outcomes given the economic and social context of Ethiopia in the last three decades. From the data, the youth labour force is group into four employment outcomes such as inactive, unemployed, self-employed and employed. The employment outcomes are categorical but cannot be ordered in a meaningful way. To understand the contributing factors employment status, the multinomial logistic regression has been applied with four level values: 1 if inactivity; 2 if unemployed; 3 if self-employed; and 4 if employed. This model makes possible to estimate how individual attributes influence the probability of belonging to any of the four employment categories.

The model is represented as follows:

$$Y_i^* = \beta X_i + \varepsilon_i \quad (1)$$

Where Y_i^* the unobserved latent variable, X_i is individual's characteristics, ε_i is the error term randomly distributed and mutually independent. We applied equations (1) for female and male youth separately to identify the factors that affect employment outcome. The same estimation was repeated for each NLFS survey year to observe how the factors behave overtime and separately for each gender as well. The later estimation helps to understand if the factors differ by gender which again can be input to the urban labour market discussions and designing gender specific interventions.

Gender Wage Gap Model

The most commonly applied, in the gender pay gap, is the Mincer (1974) human capital earning function model. Applying simple wage regressions to the Mincer model helps to understand the relationship between earnings, schooling and experience. Using the estimated wage regressions, then the parts that are explained and unexplained by differences in endowments can be decomposed to solicit if the market values same skills differently. The simple earning equation is given as

$$\begin{cases} \ln W_{if} = \beta_f X_{if} + \varepsilon_{if}, & \text{if individual } i \text{ is female} \\ \ln W_{im} = \beta_m X_{im} + \varepsilon_{im}, & \text{if individual } i \text{ is Male} \end{cases} \quad (2),$$

which is estimated using ordinary least squares. The variable $\ln W_i$ is the logarithm of wage per hour of individual i and the vector of variables X includes individual characteristics related to human capital. The last term is the error term which captures unobserved characteristics and assumed not correlated with the observed variables in the vector X . From the regression of the separate equations, the predicted mean wage is computed as $\overline{\ln W_f} = \overline{X_f} \beta_f$ and $\overline{\ln W_m} = \overline{X_m} \beta_m$

respectively for female and male. Similarly, it can be computed the average wage of female if they were remunerated equally to men using the parameter estimate of male (β_m) which is given as

$$\overline{\ln W_f^*} = \overline{X_f^*} \beta_m \quad (3)$$

The Oaxaca –Blinder decomposition, used to compute the difference in the mean log wages of men and women, is derived from the previous equation (4) and given as

$$\begin{cases} \overline{\ln W_m} - \overline{\ln W_f} = (\overline{\ln W_m} - \overline{\ln W_f^*}) + (\overline{\ln W_f^*} - \overline{\ln W_f}) & \text{OR} \\ \overline{\ln W_m} - \overline{\ln W_f} = (\overline{X_m} \beta_m - \overline{X_f} \beta_m) + (\overline{X_f} \beta_m - \overline{X_f} \beta_f) \end{cases} \quad (4)$$

The overall decomposition can be rearranged as

$$\overline{\ln W_m} - \overline{\ln W_f} = (\overline{X_m} - \overline{X_f}) \beta_m + \overline{X_f} (\beta_m - \beta_f) \quad (5)$$

The first part in the right-hand side represents the explained while the second part represents the unexplained part of the difference in mean log wage. Benefiting from richness of the UEUS dataset, mainly details related to wage, the same decomposition was repeated for years 2003, 2010 and 2018 to observe how the factors behave overtime and trend in gender pay gap.

Trends in Youth labour Outcome

Following the ILO (1990) labour market outcome definition, we grouped the youth labour market outcome broadly into three such as employed, neither employed nor in education or training (NEET), and student. The employed group can be further divided in wage employment and vulnerable employment. Similarly, those in NEET group includes unemployed, inactive or being engaged in house work whereas those grouped as student refers to individuals in pursuing their study. Adopting the ILO (1990) classification, the trends of youth labour market outcomes are presented in Table 1. Over all, the results show that youth employment has been growing although at a slower pace. But the employment gains have been accrued more to male than to female because the proportion of young female has decrease from 47.10% in 1999 to 43.31% in 2021. The permanent position in the wage employment is dominated consistently by male workers over the last two decades. However, female youth workers are overrepresented in the vulnerable employments and unpaid family works. Female youth workers consist of 61.14% of the vulnerable employments in 1999 which reduced to 51.68% in 2021.

When we look at the student group of the labor force, the third level in terms of labour market outcome, the overall participation of the youth has improved from 18.77% in 1999 to 25.5% in 2021. However, the proportion of female youth is consistently lower than that of male though the gap gets narrow slowly. For instance, about 16.37% of the students were female in 1999 and it has increased to 23.95% in 2021. Despite of the fact that there is improvement in access to education, the impact on youth employment is scanty. The increment in the number of youth having access to education has caused educated unemployment owing to the poor education quality and entrepreneurial skills of the educated (Broussard and Tekeleselassie, 2012; Serneels, 2004). The

key informant interview with an expert in MoWSA also corroborates with the findings that well educated people have tendency to be dependent on formal wage employments which are scarce, rather than creating their own jobs.

The trends in youth labour market outcomes depicted in Figure 1 shows that the employment trends that has been observed in 1999 seems to repeated in 2021. In 1999, the proportion of youth (both sexes) employed in vulnerable employments was the highest whereas in 2005 and 2013 those in wage employment was the highest. These positive developments seem to be reversed in 2021 because the gap between the wage and vulnerable employment has varnished and more importantly of the proportion of female youth workers in the vulnerable employments outpaces those in the wage employment. According to MoLSA (2020) there are two criteria used to classify employment as formal or informal/vulnerable in Ethiopia: 1. having financial book account that records monthly income statement and balance sheet, 2. having license for the business enterprise. Therefore, to be considered as a worker in a formal sector, employed people are expected to satisfy at least one of the above criteria and inevitably workers who have failed to fulfill one of the criteria are considered as workers in the informal/vulnerable sector.

The CSA, Urban Employment Unemployment Survey (2018) result is in line with the finding of this study that shows the proportion of women employed in the informal sector was 28.2% which is higher than their male counterparts which is 17.1%. The CSA survey has not considered persons engaged in private household works in either the formal or informal employment. This shows that women are highly engaged in the vulnerable/informal sector that is a sector full of challenges and vulnerable to natural and manmade shocks. Though vulnerable employment offers the youth the capacity to cover day to day expenses, studies show that vulnerable employment is considered to provide low and irregular productivity and earnings as a result limited savings for unforeseen business or natural catastrophes. Moreover, they are deprived of social protection rights and other employment benefits and rights (Getahun, 2022; Guven and Karlen, 2020; ILO, 2013; Gebre-Egziabher and Yemeru, 2019).

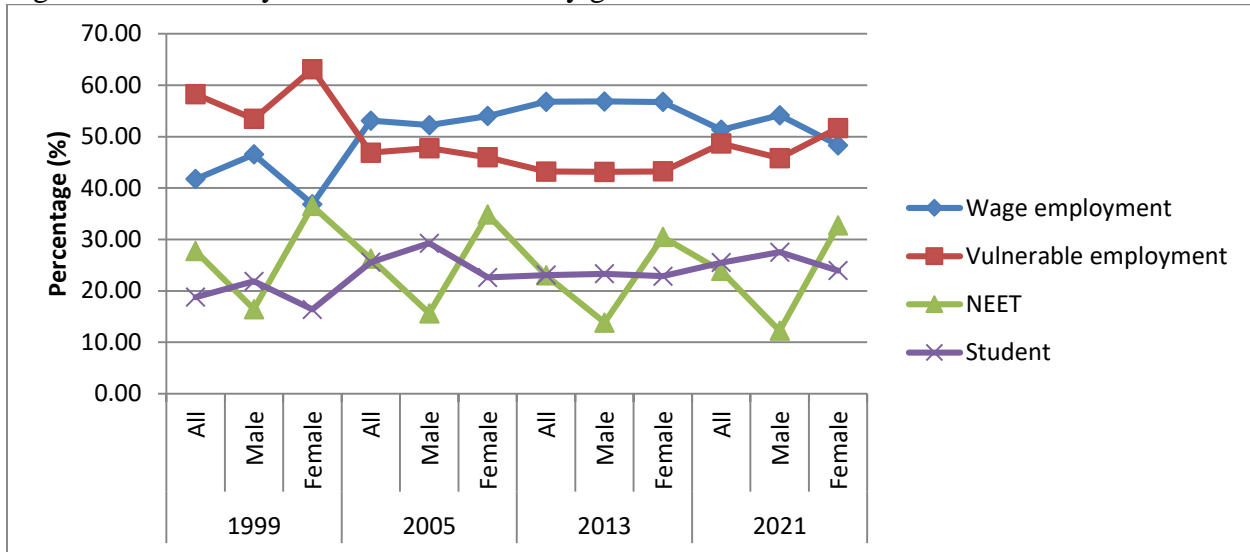
The result of key informant interview with MOLS experts show that the youth particularly women are not being benefited from sustainable employment opportunities because of poor information dissemination system in the government as well as private employment service providers, burdens in their homes and community norms & values that urge women to stay at home rather than going out looking for a job around. Moreover, the tendency of the unemployed urban youth to use the opportunities provided by government such as Public Employment Services is poor particularly among women. Out of 1,770,294 respondents of the urban employment unemployment survey (2018) only 69,120 (3.9%) and 5,194 women (0.29%) are registered and have unemployment card (MoLSA, 2020). ILO (2008) also argues that the effectiveness of the Ethiopian Public Employment Services is very limited due to ineffective and inefficient labour market information system, limited capacity and job search skills.

Table 1: Youth labour market outcome by gender

	1999			2005			2013			2021		
	All	Male	Female	All	Male	Female	All	Male	Female	All	Male	Female
Employed	53.49	61.71	47.10	48.15	55.10	42.55	53.94	62.85	46.66	50.60	60.21	43.31
<i>Wage employment</i>	<i>41.75</i>	<i>46.56</i>	<i>36.86</i>	<i>53.10</i>	<i>52.23</i>	<i>54.00</i>	<i>56.79</i>	<i>56.84</i>	<i>56.75</i>	<i>51.33</i>	<i>54.18</i>	<i>48.32</i>
Permanent Employee	17.19	21.52	12.77	18.19	20.66	15.62	28.59	29.67	27.41	29.00	29.82	28.15
Temporary Employee	0.00	0.00	0.00	25.30	20.98	29.81	19.40	17.11	21.90	13.24	12.62	13.90
Contract Employee	3.27	4.21	2.32	5.04	5.41	4.66	5.48	5.99	4.92	3.99	4.36	3.60
Casual Worker	18.39	17.49	19.31	3.34	4.00	2.66	3.15	3.93	2.29	4.94	7.23	2.54
Others	2.71	3.11	2.30	0.60	0.58	0.62	0.18	0.14	0.22	0.15	0.15	0.14
<i>Vulnerable employment</i>	<i>58.25</i>	<i>53.44</i>	<i>63.14</i>	<i>46.90</i>	<i>47.77</i>	<i>46.00</i>	<i>43.21</i>	<i>43.16</i>	<i>43.25</i>	<i>48.67</i>	<i>45.82</i>	<i>51.68</i>
Self-employed	39.32	37.93	40.73	33.61	36.14	30.97	33.15	36.04	29.98	34.00	37.21	30.60
Contributing unpaid labour	18.93	15.51	22.42	13.29	11.63	15.03	9.98	7.12	13.12	14.68	8.61	21.08
<i>Sub Total</i>	<i>26321</i>	<i>13278</i>	<i>13043</i>	<i>23810</i>	<i>12157</i>	<i>11653</i>	<i>28293</i>	<i>14812</i>	<i>13481</i>	<i>22859</i>	<i>11735</i>	<i>11124</i>
Neither Employed nor in Education or Training	27.75	16.44	36.53	26.28	15.63	34.85	23.00	13.83	30.49	23.90	12.25	32.73
Unemployed	20.16	14.17	24.82	19.38	13.56	24.06	15.60	11.85	18.66	13.58	9.21	16.89
Inactive or housework	7.58	2.27	11.71	6.90	2.07	10.79	7.40	1.97	11.83	10.32	3.04	15.84
<i>Sub Total</i>	<i>13654</i>	<i>3537</i>	<i>10117</i>	<i>12994</i>	<i>3448</i>	<i>9546</i>	<i>12067</i>	<i>3258</i>	<i>8809</i>	<i>10795</i>	<i>2388</i>	<i>8407</i>
Student	18.77	21.85	16.37	25.57	29.27	22.60	23.06	23.32	22.84	25.50	27.54	23.95
N	49210	21516	27694	49451	22062	27389	52455	23566	28889	45172	19490	25682

Source: Authors computation using NLFS data of 1999, 2005, 2013, and 2021 from CSA

Figure 1: Trends in youth labour outcome by gender



Source: Authors computation using NLFS data of 1999, 2005, 2013, and 2021 from CSA

Trends in Gender Wage Gap

Full time employees, individuals who work at least 13 weeks in six months, are considered in the analysis. As discussed above, we applied Oaxaca-Blinder decomposition to estimate difference between the average log wage of young women and men in 2005, 2010 and 2018. In doing so, we identify to what extent the wage gap is associated with differences in the average characteristics of women and men in each year. Similarly, we also identify the extents of the unexplained portion of the gender wage gap which captures discrimination against female workers and gender differences in productive characteristics not accounted by the explanatory variables.

The decomposition results for each year are presented in Table 2. The gap in gender gap has increased over time, which shows the rate rising from 20.36% in 2003 to 36.08% in 2018. This widening wage gap indicates that young female workers have been gaining little from the labour market opportunities of the last two decades. In 2003, an average young female worker has been paid 20% lower than that of the male counterpart and about 1.37% the gap is due to explained factors – (differences related with choice of industry and occupation, education and potential experiences) – whereas the unexplained factors contributed about 18.37% the difference.

The wage gap due to explained differences in female and male characteristic has also increased from 1.37% in 2003 to 13.22% in 2018. However, the unexplained portion of the gender wage gap is persistently larger than the explained. In 2018, for instance, of the 36.08% wage gap 20.18% comes from the unexplained part. The unexplained portion of the wage gap signals differences in value of the non-observed productive capacities of the worker or presence of systematic

discrimination female workers in the market. The key informant interview with an expert in the MoWSA corroborates with this finding that there are prejudices in considering the youth especially women as incompetent, which may be is the cause for paying lower wage to them in the private sector.

Table 2: Decomposition results of gender log wage by year

	2003		2010		2018	
	<i>Log</i>	<i>% of gap</i>	<i>Log</i>	<i>% of gap</i>	<i>Log</i>	<i>% of gap</i>
Predicted log wage Female	1.4309		1.19974		1.46040	
Predicted log wage Male	1.6163		1.45576		1.76849	
Total Wage gap	0.1853	20.36	0.26601	30.47	0.30809	36.08
<i>Decomposition</i>						
Explained	0.01365	1.37	0.10503	11.07	0.12424	13.22
Unexplained	0.17165	18.73	0.16099	14.47	0.18385	20.18

Source: Authors calculation based on data from CSA's UEUS of 2003, 2010 & 2018.

We decomposed the explained part of the wage gap further to understand contribution of the attributes. The results in Table 3 indicates that education, particularly having degree and above, and construction industry have the highest contribution in explaining the wage gap in 2010. The contributions of both attributes have reduced by in 2018.

Table 3: Decomposition of Gender Wage Gap in 2003, 2010 and 2018 (UEUS)

	2003	2010	2018
Explained			
Age	0.022	0	0.060***
Potential experience	-0.041**	0.028***	-0.019***
Marital status	0.005	0.003	0.004*
Years of Schooling	0	-0.012*	0
Education Degree	0.017***	0.041***	0.002
Education Diploma	0.002	-0.021***	-0.002
Public Sector Employment	-0.024**	-0.001	-0.005*
Firm Size	-0.005	-0.017***	-0.002
<i>Occupation</i>			
Mangers	0.019**	0	0.012**
Professionals	0.018**	0.002	0.022*
Technicians	-0.042***	0.036***	-0.019**
Clerks	-0.076***	0.029***	-0.032***
Services and Sales	-0.005	0.001	0.005
Skilled Agriculture	0	-0.031***	0
Crafts & related trade	0.056***	-0.036***	0.010***
Plant Machine Operators	0.037***	0.007	0.026***
<i>Industry</i>			

Mining	0.001	0.001	0.002
Manufacturing	0.006	0.003	-0.001
Electric, gas, etc.	0.007	0.001	0
Water, sewerage	-0.003	-0.001	0
Construction	0.066***	0.028***	0.024***
Wholesale & Retail Trade	-0.001	0	0
Transport & Storage	0.028**	0.026***	0.012
Accommodation & Food	-0.001	0.031***	0.025***
Information & Communication	0.001	0	-0.001
Finance & Insurance	-0.005	-0.003	-0.002
Real estate	0	0	-0.001
Prof., Scie. & Tech.	-0.008	-0.001	-0.001
Admin & support	-0.027**	0	0.002
Public & Defense	0.018*	0.005	0
Education	-0.039***	-0.009	-0.002
Health & Social work	-0.019*	-0.005	0.002
Art & entertainment	0	0	0.002
Other Services	0.005	0.001	0
Household Activities	0	0	0.001
Total	0.014	0.105***	0.124***
Unexplained	0.172***	0.161***	0.184***
Total Gap	0.185***	0.266***	0.308***
Observations	12517	15934	15393

CONCLUSION

The overall youth employment has been increasing despite of the fact that the employment has been benefiting the young male than the young female. Moreover, wage employment is dominated consistently by male workers over the last two decades, vulnerable employments and unpaid family works seem to be left to the young female.

The gender wage gap has been widening over the last 15 years, which indicates that the young female workers have not been gaining benefits from the labor market the same as the young men. The wage gap was more due to unexplained factors than the explained ones (differences related with choice of industry and occupation, education and potential experiences). The unexplained factors of the wage gap are indicators of the prevalence of judgements based on non-observed productive capacities of the worker or presence of systematic discrimination female workers in the labor market.

Recommendation

Based on the findings of the study the following major recommendations are forwarded:

- The findings show that youth employment is increasing at a slower pace comparing with the number of labor force entering in to the labor market every year that requires immediate attention and intervention of the government. Government needs to install proactive youth employment policies and programs to engage the youth in the labor market.

- Information dissemination system regarding the labor market should be improved to reach out young female who are engaged in household works. One of the major reasons young women fail to participate in the labor market is lack of information. Moreover, to minimize the burden of young female in taking care of their children public as well as private Day care services should be provided.

- Government should work to minimize the impact of societal norms and values that encourage discrimination based on gender as the gender wage gap has been widening over the last decade, which indicates that the young female workers have not been gaining benefits equally as men from the labor market.

- Ethiopian Government policies and regulations on employment starting from the constitution prohibit any kind of Gender based discrimination. But the study found out that in many institutions equal payment is not given to equal work or any kind of subjective discrimination prevails. Many argue that Ethiopia has excellent policies on paper but none are applied in practice. Therefore, government should apply its coercive power to enforce policies.

- Higher level of education increases the likelihood being in wage employment and lowers the chance of being in self-employment. Though there are improvements on education attainments with respect to quantity and gender wise, it couldn't bring increment in employment based on gender. Therefore, the education system should be skilled-based with provision of entrepreneurial skills trainings to students.

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