Analysis of Factors Affecting Unemployment: A Systematic Literature Review of Evidence From Ethiopia

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ABSTRACT
Ethiopia has identified unemployment at the strategic and policy levels. They are viewed as a means of reducing unemployment through misguided educational approaches, providing entrepreneurship skills and extra training and reducing the mismatch between work and talent in industries. Previous research has shown that the incremental unemployment rate in developing nations such as Ethiopia is higher than in industrialized countries due to a range of internal and external variables. As a result, the goal of this research was to identify the primary influences that typically impact unemployment in Ethiopia. To achieve the study's goal, previous research (journal papers) from 2012 to 2023 was used. Higher population growth, rural-urban migration, poor educational quality, lack of entrepreneurship, lack of experience, corruption, age, gender, rapid technological change, access to electrical power, access to market information and the economic status of their families are the major factors that commonly determine unemployment in Ethiopia. Finally, the report advised that the government, non-governmental organizations (NGOs) and financial institutions take special care of Ethiopia's unemployment. Objective of this paper was to assess and prepare the theories, Applications and situation analysis scenario on concepts of unemployment in Ethiopia. It covers research results published in international publications and others which have DOI and link. A review used as a resource for policymakers and development programs to help the country's economic growth by identifying the primary elements that influence unemployment. It will also serve as a source of data for similar future investigations.

KEYWORDS
Unemployment, factors affecting, economic growth, Ethiopia, educational level

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INTRODUCTION
Unemployment refers to persons who are employable and enthusiastically seek work but are not capable of treasure trove it. It happens when an individual who is extremely diligent in their search for work is unable to negotiate a job. The situation remains commonly used as an indicator of economic health.
Unemployment is a major issue in practically all countries. It has been the most dependable and problematic, which is the inverse of all industrialized and underdeveloped countries. Unemployment is clearly stated as not partaking in employment or else being unemployed, or else as the percentage of those who are capable of working and enthusiastically looking for work but are anxious to find it\(^2\).

Unemployment has been a source of concern for the global economy since the Great Depression and significant levels of unemployment still exist around the world-wide. A basic unemployment in Europe, job security in the United States and constraining issues in the Soviet Union are all merely certainties in the global economic crisis of nervous unemployment\(^4\). However, unemployment continues to exist on a global basis. The severity of the issue varies by country. It is, however, a source of concern in both industrialized and developing countries.

An increase in population number, migration of population from rural-urban and a low level of economic growth currently a rising unemployment level. The view of unemployment in unindustrialized countries, especially in Sub-Saharan Africa, has gotten worse since the population increased, economic growth has low and other reasons\(^5\).

External aspects such as indication limitations, scarcity of external exchange, equilibrium of payment problems and uncomplimentary terms of trade were serious causes of unemployment\(^6,7\).

Ethiopia is one of these countries that is particularly vulnerable to multiple social, psychological and economic difficulties such as unemployment. Its unemployment rate has been steadily rising. Ethiopia’s formal unemployment rate has lately risen from 4.5% in 2013\(^8\) to 8% in 2021\(^9\).

**Methodology:** A number of researches have been undertaken in the past to examine variables influencing unemployment in Ethiopia, although the majority of the studies produced inconsistent results. As a result, the new study’s goal is to conduct a systematic literature review to identify the key and common factors that influence unemployment in Ethiopia. Only previous empirical studies on the effects of unemployment in Ethiopia were evaluated. The study spans the years 2012 to 2023 and covers research results published in international publications. Finally, the findings of many empirical researches were synthesized and contrasted and conclusions were reached about the most important factors influencing unemployment in Ethiopia.

**DISCUSSION**

**Theories related to unemployment:** Unemployment is a phrase that refers to those who are employable as well as want to work but are unable to find work. Unemployment happens when somebody enthusiastically looking for a job is unable to treasure trove labor and it is frequently used as a measure of the health of the economy\(^10,11\).

Unemployment affects people emotionally; there is a relation between unemployment and an absence of self-confidence and buoyancy, which indicates dejection. It also led to increased anxiety and tension. High unemployment commonly leads to higher marital interruption, separation and prejudice in society, as well as increased suicide and crime rates, particularly among young people\(^4,7,12\).

Unemployment is also linked to dissatisfaction, both for unemployed people and for those who are working. Anxiety over unemployment in a time of severe job uncertainty is well established and sorrow is well understood to be related to psychological and physical ill-health\(^13\).

A vast body of evidence also links unemployment to criminality. Wrongdoing is expensive not only for the social order but also for any community. Furthermore, any such possessions are probable to ought to long-standing effects; if a history of relegation and delinquency has been established; one’s prospect
forecasts (and expectations) are likely to be governed appropriately. As a result, unemployment is harmful to people and society as a whole; nevertheless, it is also crucial to note that the harmful effects of unemployment are mostly related to long-term unemployed rather than unemployment in general. Individuals have actually touched dangerous items from the collaps9,14.

**Human capital theory:** According to this theory, education is a vital asset for economic growth as well as the preservation of garbed and creative jobs, plays a large besides important part in the nation's economy and improves people's efficiency and effectiveness by raising the level of perceptive standard of carefully creative humanoid competence, which is a product of inborn aptitudes and an asset in humanoid lives15.

Additional demonstrated education upsurges the odds of service in the labor marketplace, lets the persons earn individuality and non-pseudo typical revenues, stretches their chances for occupation flexibility and gives clues to greater production aimed at civilization and improved pay for the separate employee. Also specified is that advanced education delivers the ability desirable to achieve multifaceted occupations, creating the person's additional creativity and therefore behind economic development. Persons with the greatest humanoid wealth are hypothetically considered to be the most creative and, therefore, to have the finest occupations and the highest incomes. This training acting a significant character influences the service rank of a separable13,15,16.

**Social capital theory:** This method absorbed the forte of the community draw secondhand through being in the procedure of discovering an occupation and robust draws or community system between persons every day, emotionally penetrating ties with networks, consultants and co-workers. The evidence influenced by some memberships of this ring is rapidly common with other memberships. Likewise, it is well known that feeble ties are uncommon, not expressive examples and limited towards a single thin form of correlation. Persons through frail ties will be disadvantaged by evidence from unfriendly shares of the community schemes and their determination is limited to the regional newscast and the opinions of their nearby networks. Consequently, persons with feeble draws might miss job chances obtainable through finished community networks13,16,17.

**Theory of job search:** The concept of an unemployed individual viewing aimed at labor is predictable enough to allow three steps: First steps: Individual gathers evidence regarding business openings. Opportunities arise through various pre-assigned salary and circumstances. In second step, individual agrees to relate aimed at the available positions. The decision to apply is influenced by the projected value of acquiring a job. Finally individuals receives the suggestion of some jobs for which individual are useful. The achievement of a person’s request is determined by his or her personal traits18,19.

**Classical school theory of unemployment:** The theory's central element is that the job marketplace services of supply and demand react to fluctuations in actual pay. As a result, unemployment is a result of actual pays. Existence residual is also vital to agree to the job fair to deer, government pay control and particularly influential employment amalgamations are classed as critical fundamental issues. As a result, unemployment under the traditional scheme either suspends or does not generate jobs. The strategy implication graceful safe conventional assessment of unemployment is that in order to reduce unemployment, it is necessary to reduce government regulation, trade union control and brand the work20.

**Keynesian school theory of unemployment:** According to this theory purported emphases on economic strategy principles are similarly censored by the link between management spending and unemployment. Keynes asserted “The tax was intended to arouse spending on consumption and investment, leading to increased profits as well as work21. The reasons for the levy remained cast in the shadow of financial prosperity, which has resulted in a decrease in the unemployment degree. Rendering to supply spiders, whose labors are allowable to save advanced portions of their pays, they supply considerably additional work21.
New Keynesians theory of unemployment: This theory has similarly contended that utmost occasionally do not strongly smooth after separately and observing available for their notice. Since together evidence is problematic and prices of altering values are principally due to certain value inflexibilities and consequences, there is an opportunity for variations in service. For instance, in the work marketplace, companies that censor salaries not only decrease the price of work but also wind up deprived of excellence in work power. Therefore, their motivation remains unwilling to cut incomes. If this one is price aimed at companies toward alter the values they alter then the salary they compensation the alteration motivation remain uncommon, then uncertainty altogether companies regulate values then salaries rarely, the bargain widespread equal grosses then values might not remain elastic sufficient toward evade infrequent eras of smooth great unemployment.

New classical school theory of unemployment: It is contended that constructed on the theory of marketplace clearance. “Here is no aim why companies or labors would not regulate salaries or values doubt that would type them improved rotten”. Therefore, values and salaries regulate the instruction to associate supply and demand in extra arguments, making the marketplace vibrant. This theory suggests that there is no option for instinctive unemployment. Some unemployed people need work determination proposals from certain bosses. Supple alteration of salaries and charge greeneries altogether, persons on effort at the successful salary and companies can yield and trade, for instance, ample as they need to the successful value (New classical theory).

Kinds of unemployment: Smith acknowledges four kinds of unemployment:

- **Structural unemployment:** This is likewise recognized as Marxian being without a job or established unemployment. Also in line with the relaxed development of wealth in the nation. The whole employment power cannot be engaged in useful employment since there are not adequate tools to engage them.

- **Seasonal unemployment:** Seasonal unemployment rises for the reason of the periodic charm of a specific dynamic movement; as a result, individuals develop joblessness through the loose period. Works concerning agricultural science, sugar mills, rice mills, ice factories and the leisure industry are periodic.

- **Frictional unemployment:** It rises when labor power is provisionally available of effort because of picture-perfect flexibility on the part of the labor. Certain elements of frictional unemployment are guaranteed to occur in a rising and active economy in which some enterprises are declining while others are expanding and in which people are free to work wherever they want. This is because it takes time for the unemployed to find new jobs or relocate to new areas where there is a demand for labor. Thus, frictional unemployment occurs whenever there is an unsatisfied demand for labor, but the unemployed laborers are either not suited for the work.

- **Cyclical unemployment:** This is commonly referred to as Keynesian unemployment. It’s owing to a lack of cumulative genuine requests. An occurs of an industry experiences a period of decline. Throughout the downturns, industry action has slowed and unemployment has risen. Certain people are scared of working in general, while others are unemployed or underemployed. Such kind of joblessness results from the fact that the total actual demand of the public is insufficient to engross the whole creative of properties to be made through the accessible standard of wealth. Once businesswomen are unable to sell their assets and facilities, their revenue prospects are not met. So the business people’s yield and unique influences cause them to be unwaged.

- **Disguised unemployment:** In developing countries, the utmost common kind of unemployment is disguised unemployment. The standard of prosperity does not produce debauched in developing
countries. The wealth standard has not continued to rise to a level sufficient to keep up with people's development and the country's ability to suggest creative services to original labor market applicants has remained severely incomplete. This usually expressed in two techniques:

- Incidence of significant joblessness in urban areas
- A procedure rising statistics betrothed farming, subsequent in `disguised

**Conceptual framework:** As mentioned below Fig. 1, a literature analysis and contextualization of Ethiopia, the enumerated variables compel an argumentative conclusion about the state of employability. Higher population growth and rural-urban migration reimbursements for the increased measure of unemployment. Poor quality educational policy challenges the concrete essentials of the country’s economy by indulgencing qualified humanoid wealth donated for the occurrence of unemployment in Ethiopia. For example, the impartiality of job formation instruction acknowledged in new years has been bothersome to develop career prospects for those fresh graduates; it is not as well arranged as planned in their strategy papers; therefore, work design needs the occurrence of original industrial businesses and the business capability of the ex-students that arise since the greater organizations.

**Factors that affect unemployment in Ethiopia**

**Empirical evidence in Ethiopia:** As was explained before, Fig. 1 shows a link between different factors. The factors that influence unemployment were mentioned below.

**Rapid population growth:** People's access to agriculture is dwindling. The rural household agonizes over the weight of dependent relatives and the scarcity of fertile land for grain production to retain household memberships. The great pastoral people's expanding degree has led to the fast development of rural labor power, which is far outshining the source of rural vocations. The effects of quicker human development on Ethiopia's unemployment are multifaceted. It shifts the supply side over, resulting in a significant and rapid increase in work power compared to the pastoral area's absorptive capacity.

**Rural–urban migration:** People's access to agriculture is dwindling. The rural household agonizes over the weight of dependent relatives and the scarcity of fertile land for grain production to retain household memberships. The great pastoral people's expanding degree has led to the fast development of rural labor power, which is far outshining the source of rural vocations. The effects of quicker human development in the Ethiopian, more job loss people are complicated. It shifts the supply side over, resulting in a significant then quick growth in work power compared to the pastoral area's absorptive capacity.

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**Fig. 1: Conceptual framework**

Source: Own development (2024)
Low standard of education: It is pragmatic that the mediocre Ethiopian ex-student lacks employable skills. He or she does not have the skills required by organizations in the appropriate segment. It is pricey for managers to incorporate new grads that will not assist their company in harvesting successfully. The purpose of any invention is to mark a return. The absence of relevant abilities required of managers is linked to the instructional framework 3, 11, 13.

Lack of entrepreneurship: Maximum tertiary teaching absences in business courses would allow improvements to create job creators slightly more than job seekers. Businesspersons need to be hindered by the nonexistence of access to wealth to find their individual original enterprises after graduation. Early graduates’ limited work opportunities lead to behavioral and community issues. They have a habit of being fierce because they lack the capacity to play a fitting character in others 7, 16, 24.

Lack of experience: In the context of work that requires a profession, the majority of extra ex-students after TVT and campuses remain unemployed for more than a year; as a result, most occupations demand labor skills 4, 7.

Corruption: To obtain work in government organizations, generous currencies and additional benefits for individuals in administration bureau conditions are appropriate and common exercises. It is impossible to work in any community organization, whether it is one that lacks philanthropic currency or a traditional assembly or the families of the employing generals or containers in an organization 7.

Rapid technological change: International rapid technological revolution, contributes significantly to the exacerbated unemployment crisis. Various works impacted by arrows are still in existence today, along with updated machinery and technology. The original progressive knowledge was exchanged for low-skilled or unskilled labor in modified factories. When personal computers replaced typewriters, typewriters went out of work 25.

Others factors: Age, gender, geographical differences, availability of electricity, access to market knowledge, economic status of their families, price increases ratio, external uninterrupted security and outside liability and agriculture’s non-work status are the whole thing factors to consider 4, 7-9, 11-14.

Effect of unemployment
Psychological effect of unemployment: Unemployment makes vulnerable psychological well-being; utmost unwaged individuals capability a steady descent in general life expectancy fulfillment, overall good fortune and self-assurance, also marks of misery, mainly if they are out of work for a lengthy age of time. Additional mental impacts such as worry, low confidence, suspicion, pessimism, drunkenness and madness, also stress-related diseases like migraines, bronchitis and heart disease Lim 7, 11, 24, 26.

Economic effect of unemployment: It influences the economy of entire country. If people are unemployed, individuals invest less amount of money in goods and services (to buy or purchase), finally the economy of one country decreases due to low amount of production produced also amount of goods and services supplied to market to decreases. Jobless individuals consume substantially a smaller amount than working individuals, therefore a greater joblessness level can authorization the economy undersized on belongings obtainable 8, 12, 24.

Social effect of unemployment: Unemployment is a factor affecting individuals in country in which their standard of living in jobless societies and communities is poor. A society through great being without job proportions extra likely to require regulated labor opportunities, lowly housing, less leisure chances, inadequate access to community transport and communal facility part and underfunded graduate school.
The worst part is that unemployment demoralizes people and they lose respect. Life becomes scornful of society, leading the unemployed to engage in evil acts such as dacoit robbery, pickpocketing and so on. Mass unemployment may jeopardize political stability.\(^{12,26-28}\)

**Mental health:** Mental health issues include low self-esteem, feelings of unworthiness, depression and hopelessness. Through decreasing pay and related displeasure, the unexpectedly out of work might grow unfavorable opinions concerning commonplace belongings in existence and then might believe that wholly common sense of determination has been lost. Recurrent feelings might exist as truncated self-respect, inadequacy and emotional depression.

**Health diseases:** Related stress significantly grows people’s overall well-being problems.

**Tension at home:** Domestic squabbles and fights, which might principal to stress and an increase in the number of separations, etc.

**Political issues:** Damage of belief in management and administration might main to party-political volatility.

**Tension over taxes rises:** Unemployed individuals’unhappiness besides offence between tax-paying people. Towards encountering the burdens of the jobless account, the administration frequently ought to increase levies, affecting dissatisfaction among taxpayers.

**Insecurity amongst employees:** The current job loss and the hardship of jobless individuals and their relatives might cause dread and uneasiness even among them at this time working.

**Crime and violence:** A rise in the crime level.

**Suicide cases:** A rise in both attempted and real madness.

**Social outing:** Unemployment might cause a decline in community getaways and communications with others, especially families.

As a result, Ethiopia's rapid population increase is a result of limited cropland. The rural home agonizes over the weight of dependent relatives and the shortage of fertile land for food production in order to maintain household membership. The expanding number of pastoral people has caused the fast rise of rural labor power, which significantly outweighs the supply of rural occupations. The burden of more work in rural areas is one of the push-pull elements influencing this. This is remarkable for the reality of deliberate underemployment rising after the cyclical context of rural actions. Similarly, the lack of infrastructure amenities makes rural life unpleasant. This encourages unemployed adolescents to travel to town centers in the hope of finding work in manufacturing. The pull influences include the attentiveness of community services in the urban middle that interest rural adolescents. The low standard of education is pragmatic because the normal Ethiopian ex-student does not have employable abilities. He or she does not possess the abilities wanted by the companies in the proper segment. It is expensive for managers to involve new graduates who will not assist their companies in harvesting successfully and the lack of entrepreneurship, results in maximum tertiary teaching absences in business subjects that would need to allow advances to develop work inventors slightly more than work searchers. Businesspersons need to be inhibited through the nonexistence of access to wealth to find their original companies after graduation. Low employment chances for early graduates generate dogmatic and community problems.
Unemployment also has psychological, social and economic effects. Once somebody mislaid his or her work, it can transport a convinced disgrace as well as approaches of disgrace and unimportance. This loss of social status might be imitated in the individual’s awareness of a subordinate community position. There are numerous community harms like deceit, immorality, drinking, gambling, robbery, etc. that are the consequence of unemployment; it causes psychological, social and economic disruption for the unemployed.

CONCLUSION
Ethiopia faces a wide range of social and economic challenges, including unemployment. Ethiopia has a high unemployment rate due to rapid population growth, increased rural-urban mobility and sluggish economic growth. This review will be used as a resource for policymakers and development programs to help the country’s economic growth by identifying the primary elements that influence unemployment. It will also serve as a source of data for similar future investigations. A rigorous empirical literature evaluation identifies both internal and external factors that influence unemployment in Ethiopia.

SIGNIFICANCE STATEMENT
The new study’s conclusion is only a synthesis of the outcomes of similar previous research projects that did not reveal the statistical effect of the identified elements on the factors affecting unemployment in Ethiopia. So, future researchers can conduct behavior-related research by including the statistical consequence conclusion of altered features. That means most of the previous studies findings concern the factors affecting unemployment in Ethiopia, the problems are not yet addressed, so the investigator suggested that the old and out-of-date information on unemployment in a country, the country’s policy and strategy would be reviewed, enchanting in light of the recent dynamic business environment.

REFERENCES


