SOCIO-ECONOMIC DETERMINANTS OF YOUTH UNEMPLOYMENT
IN JIMMA TOWN, JIMMA ADMINISTRATIVE ZONE, OROMIA
NATIONAL REGIONAL STATE

BY

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I, the undersigned graduate student, hereby declare that this Masters of Economic (Policy analysis) project paper is my original work, has not been presented for a degree in this or any other university and that all sources of the materials used for the thesis have been fully acknowledged.

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ACRONYMS AND ABREVIATIONS

CSA - Central Statistical Agency

DEFF - Design Effect Factor

ESDP - Educational sector development program

EA - Enumeration Area

GTZ - German Technical Corporation (Zusammenarbeit)

ILO - International Labour Organization

IMF - International monetary fund

MDGs - Millennium Development Goals

MSSEDO - Micro and Small Scale Entrepreneurial Development Office

MOY - Ministry of Youth Sport and Culture

MOLSA - Ministry of Labor and Social Affairs

NGO - Non Governmental Organization

PCI - per capital income

SSA - Sub-Sahara Africa

SPSS - Statistical Package for Social Scientists

UN - United Nations

UNFPA - United Nations Population Fund

VIF - Variance Inflation Factor

WB - World Bank
ABSTRACT

In the future the majority of the world population will become the resident of the urban in both developing and developed countries especially in the developing countries like Ethiopia where the expansion of towns are too fast. As a result for the search of job opportunities huge rural urban migration will occur, so this might be bring high density of youth unemployment population in the urban areas of developing countries like Ethiopia.

High population of youth unemployment is one of the vital socio-economic problems that bring social disturbance, political instability and economic recession facing most developing and some developed countries. Thus urban unemployment has been considered as one of the most challenging economic problems facing the policy makers of the developing countries. So this study would have been examined the socio-economic and demographic determinants of the urban unemployment in Ethiopia in general and specifically in Jimma town.

The intensity of the problem is high in urban areas in general, Jimma town in particular where youth face serious difficulty in getting employment. As line sector offices of the municipality like micro and small scale enterprise Agency of Jimma town verifies and various local studies indicated the level of youth unemployment in Jimma town is on alarming rate.

Yet, little is known about the factors that make worth youth unemployment in the study area. In light of this problem, this study will be conducted with an objective of assessing the demographic and socio-economic determinants of youth unemployment. The primary data were collected from 451 youths randomly selected from the seventeen kebele of Jimma town for this study purpose. Simple frequencies cross tabulation (chi-square test) and binary logistic regression were used for the analysis of data.

Key Words: Youth, Employment status.
CHAPTER ONE

1.0 Introduction

This chapter defines and gives background to youth unemployment trend, in global perspectives and nationally. In addition it outlines statement of the problem, significance of study, limitation of the study, general objectives and specific objectives, variables in the study and finally the organizations of the research paper.

1.1 Background of the study

Youth is definitely among the most significant intimidating vitality and resource a country can have so as to increase its social economic development. Moreover they are large in number; they are energetic, courageous and generate new ideas that can make changes to the social economic development if they are well organized and participated in economic activities of the country. Irrespective of such-standing youth have been faced with many difficulties one of them being unemployment problem. Youth unemployment is among the key problems that facing both developed and developing countries in the world.

The challenges of youth unemployment are more serious to developing countries because of the high poverty levels demanding all people to work in order to ensure survival (ILO, 2011). As stated by international labor organization’s statistics, worldwide youth unemployment has increased by 3.4 million from 2007 to 2012 and is predicted to continue growing in the future. The statistics also indicate that the number of unemployed youth has declined by 22.9 million in 2012 as compared to 2008 statistics despite the growth of the youth population by 12 million for the same period (ILO, 2013).

The problem of youth unemployment has become a threat to the social, economic and political stability in most developing countries. Economically youth unemployment has led to the labor market instability, increased of welfare costs, erosion of the tax base and unused investments in education and trainings (ILO, 2011). Socially, youth unemployment is not only of concern to the unemployed ones but also to the society and family members.

It is the expectation of most youth people to find employment, especially after completion of their education. Failure to find employment results into demoralization, depreciation in their human capital and deterioration in their employment prospects which leads to social exclusion. Evidences have revealed that youth unemployment results in malnutrition, mental illness and loss of self-confidence resulting in depression. It is also associated with high stress leading to persons committing suicide and poor physical health and heart attack in later life.
Youth unemployment also brings stress to the societies and families which after high investment in the youth education they expect them to be employed and hence contribute to the family and society growth. There are also cases of youth people who cannot find employments to engage in criminal activities, drug addiction and prostitutions which take them away from normal labor markets. In African continent youth unemployment has highly contributed to most of youth to engage in crime and violence and has fueled the high prevalence of civil conflicts in the region (Naittras, 2002).

Youth unemployment has also contributed to the increases in international legal and illegal migration with a notion that it will enable them to get decent employment as well as better life. Excessive unemployment, as per the economics literature, is an indication of the failure of the economy to utilize the available human resource (Mankiw, 2001) argues that higher unemployment is one of the most serious macroeconomic problems that affect a society directly and indirectly; and this is why it is a frequent topic of political debate and politicians often claim that their proposed policies would help create jobs.

As stated in an economic report (ECA, 2005), a spatial perspective of Africa’s labor market outcomes witnesses higher rates of unemployment in urban areas than in rural ones. Consequently, the report added, shortages of basic social infrastructure and facilities such as housing, schooling, water, and health are aggravated in the urban areas.

The Ethiopian labor market is characterized by a substantial difference between rural and urban areas. In support of this argument, (Guracello and Rosati, 2007), have suggested that open unemployment rate in rural areas is generally low although there is a high level of underemployment or disguised unemployment, and fewer chances of employment in the formal sector of the economy.

In urban areas, on the other hand, although the youth face better prospects in terms of income and employment quality, finding a job is difficult and hence unemployment, especially youth unemployment, is higher.

Similarly, (Berhanu et al, 2005), have argued that open unemployment, especially Urban areas are closely related with the modern sector, industrialization, which the country’s main development strategy, Agricultural Development-Led Industrialization (ADLI), is aiming at transforming to industry.
The rationale for this argument can be, according to the document, relates to the concentration of people, infrastructure, and services in urban areas which are essential ingredients of modern sector development and economic activity. Furthermore, urban areas provide essential market and demand for rural production, and they are important sources of skills, services, innovation and investment that need to spread out to rural areas.

Despite their central position in the economy, urban areas in Ethiopia, however, are characterized by growing unemployment and income inequality. (Guracello and Rosati, 2007) Insist that failure to respond timely to create employment opportunities for the growing labor force, particularly for the youth, persisting intergenerational cycles of poverty, which could reinforce the already existing and not well addressed problems of HIV/AIDS and food insecurity.

However, recognizing the growing urban unemployment and poverty, the government has taken several measures and is still striving to address the problem, placing it at the center of the development agendas of the country. As stated in (MoFED, 2006), the commitment of the government to address the problem can, among other things, be witnessed by the establishment of the Ministry of Work and Urban Development and the approval of the National Urban Development Policy in 2005.

Major ongoing programs of urban government reform and public investments in various sectors are among the deliberate and integrated efforts so as to address urban unemployment. Regardless of the reasonably improving performance of the economy over the past six years coupled with the deliberate policy measures and efforts, however, some argue that the problem of unemployment in urban Ethiopia is still worrying.

Although there are some empirical studies conducted on urban unemployment in Ethiopia; yet most of them relied on data on or before 2001. Given the very dynamic nature of urban areas on the one hand, and the inadequacy and limitation of data, on the other hand, some of the studies conducted so far might relatively be too old to show the recent changes in the labor market.

Furthermore, the government has recently been claiming that there has been an encouraging achievement in creating employment opportunities, particularly for the urban youth through its special programs such as Urban Housing Development program and development of micro and small enterprises (MSEs).
Unemployment is measured using the following criteria: i) without work ii) available for work and iii) seeking work (ILO, 1990). However, this definition varies in the context of developing and developed countries. In the developed countries where the labour market is largely organized, labour absorption is adequate; unemployment is measured based on the standard definition of the seeking work criteria or active steps taken to search work during the survey reference period.

On the other hand, in developing countries like Ethiopia, where there is no strong labour market information, labour absorption is inadequate and where the labour force is predominantly self-employed, the standard definition with its emphasis on seeking work criteria is somewhat restrictive and might not fully capture the prevailing employment situation.

In order to measure unemployment depending on the existing labour market situations two provisions are introduced. These are partially relaxed and completely relaxed definition of unemployment. Thus, the completely relaxed definition which measures unemployment in relation to “without work” and “availability for work” criterion is found to be plausible in most developing countries.

The relaxed definition of unemployment, which best suits the Ethiopian labour market situations, includes persons who had no work but available for work. They may either seeking work or not/discouraged jobseekers. Discouraged job seekers are unemployed persons who want a job but not taking any active steps to search for work because they thought that job is not available in the labour market. Therefore, unemployment rate presented in this section is based on the completely relaxed definition.
1.2 Statement of the problem

Unemployment is a serious socio-economic problem facing all age groups of a population in developing and developed countries but the great incidence is in developing countries where there is high youth population density. Adults have high opportunities than youths which imply that there is high youth unemployment than adults. According to (ILO, 2004), report indicated that youth in developing countries are 4.1 times more likely to be unemployed than adults (Schiefbei and Farrel, 1982).

According to (ILO, 2007) the Sub-Saharan Africa region has high rate of youth unemployment 18.4 percent next to Middle East and North Africa 21.3 percent. Developing countries urban labor market situation is also differs among the sectors, worker characteristics and type of employers. A study conducted by (Fayomid, 1992) explains that urban unemployment is more severe than rural unemployment in the region.

Highly population of youth unemployment is one of the vital socio-economic problems that bring social disturbance, political instability and economic recession facing most developing and some developed countries. Thus urban unemployment has been considered as one of the most challenging economic problems facing the policy makers of the developing countries this trend continues youth unemployment will have substantial effect on human capital, in addition it brings impact on the region’s economic potential (Berhanu et al, 2005).

In another way urban unemployment might be serious in creating political instability as a result of economic crises. For instance, the previous revolution in the Middle East mainly Tunisia, Libya and Egypt which collapsed the respective regimes is due to the rising of unemployment. Though, youth unemployment has gradually known as one of the serious development challenge facing many African countries (Curtain, 2000).

In Ethiopia, the employment situation of youth is serious and shocking not only for the country but also for the youth (Guracello and Rosati, 2007). The rate of unemployment is higher for females than males in the age groups ranging from 15-29. According to (CSA, 2011) general unemployment rate as a country is 18 percent and specifically for females 25.3 percent and for male 11.4 percent.
At the regional level the general unemployment rate is 14.1 percent of which female 21 percent and male 8.3 percent. In all parts of the region youth females with less educational level, people from low income family, migrant youth constitute the highest proportion of unemployed persons. There is high unemployment situation of youth in Ethiopia, mainly those who live in urban areas (Berhanu et al., 2005).

According to (Guracello and Rosati, 2007), youth in urban areas face a high rate of unemployment around 20 percent but also this unemployment rate shows increments to 23.7 percent (CSA, 2011). Urban youths encounter more complexity in finding employment in the formal sectors of the economy and creating their own business to lead their live in some cases because of lack of work experience.

Youth unemployment is one of the challenges that the country faces which hinders to achieve national targets of the MDGs (Guracello and Rosati, 2007). In spite of the pressing youth employment challenge, youth issues were given only limited attention in the development policies of the country in the past (Berhanu et al., 2005).

Taking into account the existing situation of high youth unemployment rate, in recent times, the government has formulated new strategies to decrease the problem through promoting entrepreneurship—mainly small scale enterprise, and creating awareness for the youths to change the attitudes of youths towards job preference and involving in the development activities of the country (MOY, 2004).

Youth in urban areas of the Oromia National Regional State had limited access to employment opportunities. According to (CSA, 2011) the rate of youth unemployment in urban areas of the region was found 14.1 percent in 2011. This implies that there is still high density of unemployed youth population in urban areas of the region those did not employed in different socio-economic sectors compared with the potential the region have.

Jimma is one of the towns in Oromia National Regional State with a total population of 165,222. Like other towns of the country, Jimma also manifests the problem of youth unemployment. The facts displayed that youth population is one of the segments of the town population affected by the problem. While these general facts are clear, the specific factors affecting youth unemployment in the town have received little research attention.

The determinants of youth unemployment in the town so far was not well assessed. In this stand, this study will be conducted to examine demographic and socio-economic determinants of youth unemployment in the study area.
Consequently, the results will provide information for designing relevant program and strategy to reduce the problem of youth unemployment in the study area. This in turn would have a far reaching implication for youth as well as the achievement of MDGs. In urban areas of the country, youth face a high rate of unemployment 24.5 percent in 2010 nationally (CSA, 2010).

Unemployment is about much more than not having a job; it undermines self-esteem and sense of purpose and, at worst, leads to loss of hopefulness and dignity. Hence, the study is conducting primarily because of the high rate of youth unemployment as indicated by the realistic evidence above. Secondly, the determinants of youth unemployment in the town has not been yet well assessed so far in Jimma town. Thirdly, as Jimma town finance and economic development office data shows, in (2012/2013) population size of the town increased from 159,009 to 165,222 in (2013/2014).

Under this circumstance where the population growth is alarming and rural urban migration is continuous due to natural resource degradation as a result of climate change and lack of job opportunities in the rural areas of the zone, high youth unemployment would be occurred so the study also assessed the reason behind youth unemployment in the study area using different surveying data of socio-economic and demographic determinants.

1.3 General Objectives

The general objective of this study is to examine the overall characteristics and determinants that affect youth unemployment status in urban Ethiopia with a special emphasis on Jimma town:

1.3.1 The specific objectives

- To determine the effects of variations in socio-demographic characteristics on activity status of youths in Jimma town;
- To determine and describe the socio-economic factors associated with youth unemployment in Jimma town.
- To forward some policy implications meant to address the issue of urban youth unemployment

1.4. Hypothesis of the Study

On the basis of the objectives of the research the following hypotheses were tested.

1. Males are high opportunity of getting employment than females; females are less employed.
2. Household income is inversely proportional with youth unemployment.
3. Education negatively associated with youth unemployment.
4. Degree of unemployment is higher for migrants than non-migrants.
5. Youth who has weak social networks has higher chance of being unemployed as compared to youth who has strong social network.
6. Single youths’ are more exposed to unemployment than divorced and married.
1.5 Significance of the Study

The youth unemployment is the global issue in the world and of which Ethiopia is one in general and in Jimma town in particular. Some studies try to concentrate on the degree and determinants of the definite factors that hinder youth employment. The one which makes this study different from the other is that it tries to address factors that bring high youth unemployment in the study area.

Accordingly,
✓ The study is restricted to a single town, so it will be helpful to considerate the determinants of urban youth unemployment in Ethiopia in general and specifically of Jimma town.
✓ It gives some clue on the characteristics and scope of the challenges related with high intensity of youth unemployment.
✓ The finding is also projected to be useful for the formulation of policies and strategies that assist the alleviation of youth unemployment.
✓ The finding will be used as a benchmark in order to undergo further analysis on the subject.

1.6. The Scope of the Study

Unemployment is the key problem of youths in Ethiopia in general and specifically in Jimma Zone the number of unemployment increases from time to time. But this study has been focused mainly on Jimma town youth unemployment situation, because to cover the overall areas of the zone there are numbers constraints such as lack of enough time and skilled human capital.

1.7. Limitations of the Study

The major difficulty encountered during this study was mostly due to missing data in most of the variables of the data set. This caused the researcher not to capture relevant information on the variables. Similarly the study faces challenges of coverage of the total population, because such type of study might require the consideration of large sample size.

Other additional limitations occur due to unwillingness of respondents' cooperation or interviewer error, address changing, the frequency of interviewing may arise because of faulty responses due to vague questions, memory errors, deliberate distortion such as prestige bias, inappropriate informants, missing recording of responses and interviewer effects.

Beside the above limitations since the study is specified to a single town this may create some problem in generalizing the whole challenges of youth unemployment in the country level. Assessing the determinants of youth unemployment is difficult as it is the collective effect of different socio-economic and demographic factors.
1.8 Definition is of Terms and Concepts

**Employed person:** According to the ILO definition, those people who have worked more than one hour during a short reference period (the previous week or Day).

**Employed person:** According to the ILO definition, those people who have worked more than one-hour during a short reference period (generally the previous week/day).

**Economically inactive:** Economically inactive people are not in work and are not looking for work looking the and family they are composed of a variety of groups including people home, student and those who have long-term illnesses or disable.

**Employment rate:** The fraction of the labor force that is employed, i.e. the number of employed divided by the total labor force.

**Human capital:** is considered an attribute of individuals and comprises a stock of skills, qualifications and knowledge (CSA, 2001).

**Household:** consists of a person or group of persons, irrespective of whether related or not, who normally live together in the same household and housing units and have common cooking and eating arrangements (CSA, 2011).

**Labor force:** Consists of people who are either working or actively looking for work, and therefore does not include the economically inactive.

**Social capital:** includes social relations, formal and informal social networks, group membership, trust, reciprocity and civic engagement.

**Social network density:** refers to the number of persons such as friends relatives...etc an individual would have in exchanging information about jobs available in the labor market using a form of communication channels.

**Unemployed person:** According to the ILO definition, those people who have not worked more than one hour during a short reference period (generally the previous week or day) but who are available for and actively seeking work.
**Unemployment rate:** - The fraction of the labor force that is unemployed, i.e. the number of unemployed divided by the total labor force.

**Underemployment:** - Underemployed are persons who, independently of the number of hours already worked during the reference week in all their jobs, express a desire or preference more hours work.

**Unemployment rate:** - The fraction of the labor force that is unemployed, i.e. the number of unemployed divided by the total labor force.

**Youth:** - The UN defines youth as the age group between 15 and 24 years old. The part of the society that includes the age ranges from 15-29 (MOY, 2004).

**Youth labor force:** - Consists of people between 15 and 24 years old who are either working or actively looking for work, excluding youth who are economically inactive.

### 1.9 VARIABLES IN THE STUDY

#### 1.9.1 Dependent Variable

- youth employment status (Employment or Unemployment)

#### 1.9.2 Independent Variables

- Sex
- Age
- Marital Status
- Migration status
- Educational Level
- Household income
- Job preference
- Mothers education
- Fathers education
- Work experience

#### 1.9.3 Organization of Chapters

This research proposal is organized as follows. Chapter one covers background of the study, statement of the problem, objectives of the study, significance and limitations of the study and definition of terms and concepts. Chapter two covers literature of past researches done in relation to youth unemployment and broad unemployment.

Chapters three discuss the methodologies used in this paper to reach the objectives set in the chapter one and describe the variables. Chapter four discusses the findings of the result, chapter five discussion of the major findings and chapter six summary conclusions and recommendation of the research.
CHAPTER TWO
LITERATURE REVIEW

2. Introduction

Chapter two consists of relevant literature relating to youth unemployment. This chapter first covers the definition of youth unemployment, then goes further to explore empirical literature of youth unemployment and demographic and socio-economic determinants of youth unemployment in detail.

2.1. Defining the term youth unemployment

Youth unemployment is the unemployment of young people, defined by the United Nation 15-24 years old. An unemployed person is someone who does not have a job but is actively seeking. In order to qualify as unemployed for official and statistical measurement, the individual must be without a position employment, willing and able to work, of the officially designated ‘working age’ and actively searching for a position. Youth unemployment rates are historically double or more the adult rates in nearly every country in the world. Reasons for rates of youth unemployment vary across national context.

As UN states official rates in the early 2010s decade ranged from under ten percent in Germany, Vietnam, Sierra Leone, and Cuba to around fifty percent in countries include Armenia, Macedonia, South Africa, and Spain. Since unemployment is defined as those out of work but actively seeking work, the youth that are not out of work but not seeking work are not part of unemployment statistics.

Youth in training, unpaid internships, or educational programs but not seeking paid work are not counted as unemployed, even though their presence in such programs vary indicate a shortage of jobs for young people. Thus, the rate of youth unemployment is undercounted.

Unemployment is a multidisciplinary concept which shows economic, social, and political magnitude. Unemployment depends on social settings, culture, and education structure. As (ILO, 1990), unemployment can be measured using the following criteria: set without work, available for work and looking for work (O’Higgins, 1997).

But this definition varies in the context of developing and developed countries. In the developed countries where the labor market is well organized, relatively good job opportunity; unemployment is measured based on the standard definition of the seeking work criteria or active steps taken to search work during the study reference period. According to (ILO, 2008) on global employment tendencies for youth, poverty and lack of civilized employments was among the main problems facing most of youth in African and East Asia region.
In addition in developing countries like Ethiopia, where there is no organized labor market information, labor demand is insufficient and the labor force is mainly self-employed, the normal definition with highlighting on search of work criteria is rather limiting and might not fully incorporate the existing employment condition.

In order to measure unemployment depending on the existing labor market situations two provisions are introduced. The suitable definition which explains the market situation in Ethiopia incorporates persons who had no work but available for work. They may also seeking job or not/discouraged jobseekers.

Discouraged work seekers are unemployed persons who want a job but not taking any tangible decision to look for work because they consider that job is not accessible in the labor market. As a reason, unemployment rate existing in this paper is based on the entirely relaxed definition. According to the literature of (O’Higgins, 1997) the challenges of unemployment is higher among the youth as compared to the adult population in both developed and developing countries.

Problems like lack of experiences and skills, skills mismatch, skill gap and low school leaving age have their own impact on the level of high youth unemployment compared to the adult age population (Adams and Godfrey, 1997, 2003). From the point of view of the United Nations definition a youth is person with age between 15 to 24 years. Though, the definition of youth varies from one country to country depending on different customs, traditions, social behavior and location.

In the majority of the developing countries the age 15 to 24 is school age where most of the youth are still gaining knowledge necessary for the labor market and also youth employment has some advantages to both the business firm growth, community and country growth as well.

In case of youth people they lack work experience but they can learn easily in the short period of time and negotiated with the work environment in addition they are hard worker and healthy which enable them to work for a long period of time than the adults on top of this youth people are also have longer repayment on investment as they can stay for longer period of time in the business companies rather than adult employees (ILO, 2011).

According to (ILO, 2011) hiring youth people are cheaper than the adult’s people. It is therefore important for the business firm to have a good proportional of youth and adult employees especially during recession period where firms need to reduce their manpower. To the country growth, youth employment results into increased aggregate demand as well as increases in capital formation.
According to (ILO, 2011), youth people are likely to spend a higher percentage of their income on goods and services which increase the country aggregate demand. On the other hand, employed youth who receive higher salaries make saving and invest or deposit them in banks. This results in increases in the pool of capital which can be made available for entrepreneurs who seek to start business or financing SMEs which boost country economic development.

According to (ILO, 1990) one country economic development is positively related to employment rates. When the employed labor is fully utilized output can only grow by adding more workers. Since youth people take a larger percent of the country's population in the World, they present the human resources available for the increases in the production.

2.1.1 Global Perspectives of Youth Unemployment

As united nation and ILO defines, youth are defined as persons 15-24 years age. There are four indicators of distinct measurements which represents unemployment problem, of these the first one is youth unemployment rate (youth unemployment as a percentage of the youth labor force) and the second measurement is ratio of the youth unemployment rate to the adult unemployment rate which follows by youth unemployment as a proportion of total unemployment and youth unemployment as a proportion of the youth population (CSA, 2007).

Gradually the global youth labor force is growing from 577 million to 602 million over the last decade, an increase of 4.3 percent and this imply that the unemployment rate of youth are on increasing but both youth unemployment and inactivity are increasing over time. According to (ILO, 2009), explanations youth employment decreased globally from 54.4 to 51 percent between 1999 and 2009, which implies the youth labor force participation decrease relative to the youth population.

High unemployment is one of the macroeconomic problems that affect the society in general and especially affects youth highly and this is why it is an agenda of political debate that the countries leaders and policy maker often argue that their proposed policies would help creating job opportunities. Unemployment is an indicator for economic failure to utilize the available human resource (ILO, 2008). Unemployment has social as well as economic consequence for young people.

Unemployed young population is required to get alternatives to generate income, including activities in the survival-type informal sector and, in extreme cases, criminal activity. Young people are most eager to strike out to secure their futures and to contribute to their families, communities and societies (ILO, 2008). Rural-urban migration also creates a great impact upon urban youth unemployment in Africa. Rural migrants assume that more jobs and social opportunities are available in urban areas.
But once in the cities they find themselves without a job and with limited social networks they become hopeless, as a result when they are unable to change their life condition and life goes in opposite direction of their expectation, some turn to the commercial sex work, criminality and drug industries to survive. More than 1 billion people today are between 15 and 24 years of age and 40 percent of the world’s population is below the age of 20.

The youth unemployment rate stood at 13.4 percent in 2009, with a total of 82.7 million young people unemployed. This represents a 12.5% increase compared to 1999, when 73.5 million young people were unemployed. The youth inactivity rate rose from 45.6 percent to 49 percent over the same period.

The capacity, skills and aspirations of young people are important assets for sustainable development of a nation (Bank, 2009). Participation of youths in to labor market is low, but even among those employed are classified as low wage, they are paid less than $1USD per day individually.

There are an estimated 125 million young working poor that implies more than 20 percent of employed youth. Among those employed, many young people are working long hours for low pay and/or struggling to get by in the informal economy.

Globally, the number of young people is become the largest in history relative to the adult population according to (CSA, 2001) estates, more than 50 percent of the population is under the age of 25 and out of these youth alone (age 15-24), accounts over 1.3 billion in the world. Most of the world’s youth (almost 85 percent) live in developing countries, with approximately 60 percent in Asia, 23 percent in Africa, Latin America and the Caribbean, and the number of youth living in developing countries will grow to 89.5 percent by 2025.

The well understood general labor market feature of unemployed youth is extensively higher than unemployed adult, in most cases young population are marginalized in the participation of labor market when compared with the adults, young people are about three times as likely to be unemployed almost half (40 percent) of the world’s total unemployed (ILO, 2008). In 2009 the global youth unemployment rate was 13.4 percent and the adult unemployment rate was 5 percent.

Youths are less skilled when compared with adults this creates an obstacle to access work with less experience than adults. The youth labor force will continue to grow between 2010 and 2015 the growth will be concentrated in sub-Saharan Africa, South East Asia and the Pacific, and in the Middle East and North Africa (ILO, 2006). In addition, (ILO, 2010), predicts a continued increase in global youth unemployment to all time high with a rate of 13.1 percent in 2010, followed by a moderate decline in 2011.
2.1.2 National Trends

Ethiopia has fast population growth in the last two decades. The total population of the country is estimated to be 73.4 (CSA, 2005) million and this huge number of population makes the country the second populous country in the sub-Saharan counties. The young population of the country is about 14 percent of the total population in 1994 and 20 percent of the total population in 2001 (Guracello and Rosati, 2007). In 2007 the percentage of the youth population grows to 28.3 percent out of the total population and 39.6 percent is urban resident (CSA, 2008).

The ranges of ages of youths is determined in different ways in each countries, in the Ethiopian context, it is 15-29 (FDRE National Youth Policy). The percentage of working population in Ethiopia i.e. 15-64 account for 51.9 percent of the total population whereas the youth account for 28.3 percent of the total population (CSA, 2007). The Ethiopian unemployment is the result of poverty and youths are affected by this unemployment.

Urban unemployment rate is reported as 18.9 percent while urban youth unemployment is 24.5 (CSA, 2011) study conducted by Addis Ababa Chamber of Commerce reports the unemployment rate for urban and rural youth as 37.5 percent and 7.2 percent respectively. The data from 1994-2000 shows that the youth unemployment has increased with more than 50 percent and was higher for women (Astatike, 2003).

In most cases youths with less educational level of families are affected by unemployment. Changing the employment condition of youth could lead to the realization of MDGs through identifying the factors that delayed the young people in getting employment. In the same manner, (World Bank, 2011) noted that helping youth to realize their full potential by gaining access to employment is a precondition for poverty minimization, sustainable development, and enduring peace.

Given the abovementioned youth employment situation of the time and the current situation in Ethiopia, the study attempted to explain the determinants of youth unemployment on the basis of data collected from Jimma town, Oromia National Regional State.

On the other hand, employment status of youth in the region on the progress that youth unemployment rate was estimated about 21.2 percent, having 14.1 percent of males and 26.5 percent of females in 2005 (CSA, 2006). Urban unemployment rate of the region was estimated to 14.1 percent having 8.3 percent of male and 21.0 percent females in (CSA, 2011).

Ethiopia approved its youth policy in 2004 the overall goal of the National Youth Policy is to bring about the active participation of youth in the building of a democratic system and good governance as well as sustainable economic growth, social and cultural activities in an organized manner and to enable them to fairly benefit from the results” (MOY, 2004).
2.1.3 Population and its Dynamics

Ethiopia has a total land area of 1,104,300 square kilometer and a population size of 73,750,932 (50.46 male and 49.54 percent female) (CSA, 2007) and the second populous country in Africa next to Nigeria. Ethiopia stood 9th in terms of geographic area in the whole of Africa and 27th in the world and out of the total land area about 0.7 percent is covered by the water.

From the total population of the country about 84 percent of the population still resides in rural areas and agriculture being the major source of livelihood (CSA, 2007). Although the rate of population growth has been on a declining trend over the last three decades (3 percent per annum in the 1980s, 2.73 percent up until the early 1990s and 2.6 percent from the mid-1990s up to 2007). But this declining trend does not continue, in 2013 population growth is raised to 2.9 percent and total population is estimated to 91,195,672 which makes the second populous country in Africa next to Nigeria and 14th populous country in the world (World Bank, 2013).

Ethiopia’s population growth is still considered to be high given its size and demographic profile. Ethiopia’s population is predominantly young with about 45 percent of the population being below 15 years of age and the proportion of working age population (15-64 years) was estimated at about 52 percent. The dependency ratio (number of dependents per 100 working age population) was estimated at 93 by the end of 2007, youth and senior citizens dependency being 87 and 6, respectively (CSA, 2008).

High dependency ratio brings high pressure on public services, high level of unemployment, low per capita income, and low level of domestic saving and asset accumulation with serious implication on poverty incidence. This has also serious implication on natural resources degradation with far reaching consequence on sustainable development.

2.1.4 Theoretical Survey of Empirical Literature on Unemployment

The existing world unemployment challenge presents mainly difficult labour market experience for young workers. The ILO estimates nearly 40 percent of all unemployed people are young. As existing knowledge point out, young people are deprived in getting employment, especially in inflexible labour markets.

There are several factors, such as their relative lack of skills, unstable labour market experience and discrimination, which contribute to the difficulty usually faced by young people entering the labour market. There are numbers of studies that are undergone that associated with the different features of the labour market all over the world.
On the other hand, an effort is made to analyze only few of them that are assumed to be more related for this study focusing mainly on the supply and demand factors of the labor market. Ethiopia is the second populous country in Africa next to Nigeria.

Ethiopia stood 9th in terms of geographic area in the whole of Africa with a land area of 1.1 million km² and a population of about 73.9 million (50.46% male and 49.54% female) (CSA, 2008). According to (CSA, 2007) about 84% of the population still resides in rural areas, agriculture being the major source of livelihood.

Although the rate of population growth has been on a declining trend over the last three decades (3 percent per annum in the 1980s, 2.73 percent up until the early 1990s and 2.6 percent from the mid-1990s up to 2007), Ethiopia’s population growth is still considered to be high given its size and demographic profile.

Ethiopia’s population is predominantly young with about 45% of the population being under 15 years of age. According to the results from the (CSA, 2007) report, the proportion of working age population 15-64 years was estimated at about 52%. (Banerjee, 2007) attempted to study the reasons behind the sustained increased unemployment in South Africa since the transition in 1994.

They employed a multinomial logit approach to see the factors that determine the unemployment status of workers controlling for gender, age, education, marital status, family education, job preference. When we compare urban and rural residents, urban residents are more likely to be unemployed or in the formal sector, and less likely to be in the informal sector than are rural residents.

In terms of race, Africans are more likely to be unemployed or in the informal sector than the other population groups, and less likely to be in the formal sector. With regard to education, those with greater than secondary education are 11 percentage points less likely to be unemployed and 8 percentage points less likely to be in the informal sector.

Individuals who have never before held a job are 35 percent more likely to be unemployed than are workers who have worked before. When we come to Ethiopia, some studies which were done by (Guarcelo, Rosati, Berhanu, Getnet, Semeels and Krishnan et. al, (2007, 2005, 2003, 2007, 1998)) pointed out that there is different phases the labor market in general and the urban labor market in particular.
The findings from their study reveals that there is a very high level of unemployment in urban Ethiopia (Guracello and Rosati, 2007), in another case the problem of child labor and youth employment in Ethiopia emphasized, depending specifically at the labor market effect of young people and key factors influencing these outcomes by analyzing a set of youth employment indicators drawn primarily from the 2001 Ethiopia Labor Force Survey.

The multinomial logit regression indicated that the probability of a girl being in employment is 14 percent, 22 percent lower than that of a boy; but this gender bias in employment is lower for the less educated and for the most educated youth. The level of income as estimated by the expenditure dummy variables is significant for those who have less educational level youth and the probability of employment decreases as the level of education increases. Furthermore, the local labor market conditions are momentous for all groups considered.

An increase of 10 percent points in the adult employment ratio creates an increase in the probability of finding employment by 10–25 percent points. This effect is stronger for youth that never attended school and smaller for the other groups. (Semeels, 2007) examined the effects of individual characteristics on urban youth unemployment in Ethiopia using a probit model. He reached the point that there is a positive association between age and unemployment, implying that the relatively older young men are more likely to be unemployed.

Education, especially junior and senior secondary level, has a positive effect on unemployment although tertiary education is insignificant indicating that having a university degree could no longer guarantee employment. Besides, ethnic origin has no significant influence while the families’ education has a strong effect on the probability of urban youth unemployment. Also in his descriptive analysis, Semeels reported that in 1994 urban Ethiopia has one that has more density of unemployment rates in the world standing at 34 percent of the male workforce and 50 percent of men below 30 years of age.

In addition (Krishnan et al., 1998) using the first and third wave data of the EUSES, found urban unemployment for the 15–29 age group to be in excess of 50 percent. Furthermore, (Getenet, 2003) focusing on urban youth unemployment, reported that the unemployment rate between 1994 and 2000 has gone up for the teenage youth group while it has decreased for the adult youth group. Using multinomial logit, he analyzed the effects of some sociodemographic variables on the activity status of the youth.
As a result, unemployed and marginalized youth were not a major aim for governments and funding agencies (Bennell and Mulenga, 2000). Since then, however, concerns have been rising over the socio-economic situation of young people in much of SSA and the prospects of creating additional livelihood opportunities for them (Mayor and Binde, 2001). It is difficult to provide accurate statistics on youth unemployment in developing countries in general and Africa in particular. This makes it difficult to assess the scope of the problem and trends associated with youth unemployment.

Nonetheless, existing estimates indicate that in Sub-Saharan Africa, urban unemployment affects between 15 to 20 percent of the workforce (ILO, 1999). According to these estimates, young people comprise 40 to 75 percent of the total number of the unemployed. Urban unemployment in Africa has affected youth from a broad spectrum of socio-economic groups, both the well and less well educated, although it has particularly stricken a substantial fraction of youth from low-income backgrounds and limited education.

The protracted and deep-rooted economic crisis that has affected nearly every country in SSA has adversely impacted on the well-being of the majority of people. As a consequence, many Africans have experienced a decline in their welfare owing to a fall in real incomes and declining social sector expenditure per head (Basu and Stewart, 1995).

This fall in welfare, which appears to have been exacerbated in a number of countries by war, civil strife and environmental disasters, is manifest in the general decline or reversals in major social indicators of progress as well as the widespread and deepening poverty in much of Sub-Saharan Africa.

Several World Bank, IMF, UNDP and UNICEF reports show that over 40 percent of the population of SSA is living in absolute poverty or on purchasing power parity (PPP) of less than US$1 per day. The implementation of economic reform programs has in some cases also worsened the situation of people through closure of companies, civil service reforms and retrenchment of workers. Detailed information on the situation of youth in Africa is not available.

But in the context of a high and growing incidence of poverty and the documented adverse social impact of economic restructuring, there is increasing concern that large sections of young people have become ‘marginalized’, or are ‘excluded’ from education, healthcare, salaried jobs and even access to the status of adulthood (Mkandawire, 2000; 1996).
A high rate of unemployment within any country is quite critical, even for Ethiopia. (Blanchflower, 2009) states unemployment does not rise because people have chosen to be unemployed. Therefore, there is a need not only to examine the factors that are associated with youth unemployment but a clear description on how these factors impact unemployment. Furthermore, there is a great need for this research proposal because past research done has basically focused on micro and macroeconomic approaches.

According to (Blanchflower, 2009), the overall increase in unemployment has been dramatic. He suggests that the unemployment rate in advanced economies will rise from 5.4 percent in 2007 to 9.3 percent in 2010. Indeed, Ethiopia has one of the highest urban unemployment rates worldwide, at about 50 percent of the youth labor force.

Some of the main causes of the youth unemployment in Ethiopia are a fall in aggregate demand due to the war with Eritrea, the 2001 drought and, in general, weather circumstances; lack of skills; low availability of investment, capital, risk absorption capacity and financial management skills; limited market accessibility; and the absence of youth in decision making or implementation of policies affecting them.

Youth issues have recently gained worldwide attention, as the United Nations has set the improvement of the youth employment situation as one of the targets of the Millennium Development Goals (MDG’s). One of the MDG’s aims is developing and implementing strategies that ensure decent and productive work for youth. The youth unemployment rate serves as an indicator of the success of the strategies applied for job creation. In Ethiopia, the rate was 11.9 per cent in 1999, with a ratio of 1.9 to the adult unemployment rate.

Moreover, even within the group of employed, there is a large extent of underemployment. The international commitment also necessitates a detailed assessment of the situation of youth in Ethiopia so that appropriate policy inputs can be formulated. This paper will be designed to describe and analyze the nature and possible causes of youth unemployment in Ethiopia and particularly in Jimma town. There may be different causes of youth unemployment and the pillars of the problem are:

Rapid population and labor force growth, rural-urban migration, the private sector is not growing well so as to create better employment opportunities, theory focused educational curriculum Programs in higher education - little relevance to labor market, School to work transition is not taken as a priority - the focus was on access to education ‘Educational Sector Development Program’ (ESDP) does not consider the issue of school to work transition as a priority.
Draconian laws threatening the business environment and limiting the employment generation prospects of the private sector in addition to demographic determinants several studies show that youth are exposed to unemployment. As cited in the research paper of (Aslefew, 2011), (ILO, youth unemployment, 2010) indicated that 13 youths out of 100 youth were unemployed globally. Moreover, (ILO, 2010) predicted a continual increase in global youth unemployment to an all-time high (GTZ, 2010) with a rate of 13.1 percent in 2010, followed by a moderate decline in 2011. This rate of youth unemployment has been taken as one of the most serious challenges to economic and social development in many developing and developed countries (GTZ, 2010).

Analysis of the factors associated with youth unemployment indicated that the social and demographic characteristics of individuals such as educational level, work experience, lack of employable skills, sex, migration, attitudes of youth towards jobs, family economic status are associated with youth unemployment status (Toit, 2003). Hence, such rate of population growth is expected to move up the unemployment rate of youth and finally the incidence of migration from rural to urban of the country. Unemployment is a problem for both developed and developing countries.

However, the impact and intensity might differ. According to (Rafik et al., 2010), unemployment has been the most consistent problem to both advanced and poor countries. In 2009 for example, as indicated in the (World Bank, 2011), data base the general unemployment rate (percent of the total labor force) stood at 20.5 percent in Ethiopia, 23.5 percent in South Africa, 4.3 percent in China, 5 percent in Japan, 9.1 in France, 8.3 in Brazil and Sweden 9.3 in the USA. Recently unemployment has increased due to the recent economic crisis of 2007/08 which caused the collapse of aggregate output and led to job cut.

High rates of youth unemployment represent both widespread personal misfortune for individuals and a lost opportunity for critical national and global economic development. Unemployment in youth has been shown to have lifelong effects on income and employment stability, because affected young people start out with weaker early-career credentials, and show lower confidence and resilience in dealing with labor market opportunities and setbacks over the course of their working lives.

The recent economic crisis has had a disproportionate and disproportionately long-term effect on young people. According to the ILO's the global youth unemployment rate rose from 11.8 to 12.7 percent between 2008 and 2009, the largest one-year increase on record. In the ten years from 1998 and 2008, youth unemployment increased by a total of 0.2 percent or about 100,000 persons per year; but from 2008 to 2009 it increased by 5.3 percent, or 4.5 million persons, in a single year.
By the end of 2010, an estimated 75.8 million young people were unemployed (UN, 2012), “World Youth Report,” 2012). At the same time, the labor force participation rate for young people has continued its downward trend: after declining from 53.8 to 50.1 percent between 1998 and 2008, it fell to 48.8 percent by 2011 (ILO, 2011).

According to (IMF, 2010) there were about 200 million unemployed people in the world in 2010, 75 percent of which came from the advanced economies and the rest from emerging economies, and the number has increased substantially since 2007 from the beginning of the western economic recession.

However, though still high, unemployment in the low income countries decline during the recent crisis. Ethiopia is a poor agrarian country with PCI of USD 350 (World Bank, 2011). Recently, however, the country has been achieving a promising economic growth. According to the economist bulletin reports 2011, the country had the 5th fastest growing economy in the world during the period 2001-2010 at an average annual GDP growth rate of 8.4 percent and the third with a forecast of 8.1 percent during the periods 2011-2015.

Despite such improvements, unemployment is high and is one of the socio-economic problems in the country. The general unemployment rate (as percent of the total labor force) was 20.5 percent in 2009. It was higher for females (as percent of females labor force) at 29.9 percent compared to males which stood at 12.1 percent (World Bank, 2011).

2.1.5 Types of Unemployment

2.1.5.1 Cyclical unemployment

Recurrent unemployment occurring at particular phases of the business cycle, starting with the downturn from a boom. This unemployment is caused by a deficiency of aggregate demand and is associated with a fall in the number of job vacancies.

2.1.5.2 Structural unemployment

Unemployment caused by a difference between the structure of employment vacancies and the structure of unemployment, usually brought about by technological change. Unemployed Persons have different skills from those being demanded by employers or are located in a different place from a potential employer.
2.1.5.3 Frictional unemployment

Short-period unemployment brought about by workers changing jobs. This minimum level of unemployment, which coexists with job vacancies, occurs even when an economy is at full employment and is a feature of all types of national economy. Labour market policies can reduce this type of unemployment by making job information more available and accurate and by subsidizing search costs.

2.1.5.4 Full employment

Full employment occurs when unemployment has fallen to an irreducible minimum, approximately the level of frictional unemployment.

2.1.6 Human Capital Theory

Logically there are four ways of judgment about human capital. For economists, human capital has a particular, individuals' or states' investing in education forgone earnings plus the cost of education set against expectations of future or higher earnings and economic productivity, respectively. At the other extreme, the term human capital is often as used merely as popular shorthand for education in general, narrow meaning: it refers to the opportunity cost of human capital is a key factor in determining whether economic growth is sustainable or not.

Thus, having access to conducive condition for labor supply is a key role for success. The combination of knowledge and skill that make the worker more productive is incorporated in human capital. Supply of proper education and training which fills skill gap will lead to the development of a more educated workforce. Those who do not have education with the necessary profession have been exposed to higher unemployment rates.

Those equipped with the proper educational level paid high wages, which in turn lead to increased spending and saving, leading to growth and development. In relation to the youth labor market, in developing countries, the human capital theory (Becker, 1962) is probably the one with some relevance. The human capital theory explanation of high level of youth unemployment could be that the youth embodies less human capital, specific or otherwise, and, as a result, is likely to be at the end of the job queue.

This seems to provide a good account of the situation in developing countries such as Ethiopia where majority of the youth hardly gets a job. However, the fact that there are not that many jobs forthcoming is the most important reason behind the high levels of unemployment in these countries. The skills get in line and the position of the youth therein does have some relevance, but only when there are reasonable number of jobs to stand in line for.
Even if one happily sticks to this explanation, the commonly sought intervention that follows involves improving the position of the youth through various programs such as youth training/retraining are interesting. An intervention of this kind, the argument goes, improves the human capital of the youth. In the current situation of globalization, competitive and rapidly changing economy the skills and knowledge of young people are becoming more and more important to existing businesses, and are necessary to those wishing to set up their own successful business.

It is decisive that young people acquire a decent basic education and have the skills and qualities needed for employment opportunities. Nowadays numeracy and literacy skills are key to a well-functioning business environment, withinformation and communication technology (ICT) and enterprise skills such as business administration, sales and marketing, and so on not to be underestimated. In particular the teaching of entrepreneurial skills and attributes and behaviors is often not properly integrated into school curricula or not adequately taught on different educational levels.

Most educationsystems still teach only traditional values rather than independent thinking and acting, risk-taking and self-reliance. Moreover, an academic approach to education develops skills that are appropriate to working in the public sector or large organizations and companies are not the key skills needed to start an entrepreneurial career. Low education and skills levels will lead to a skills mismatch, renderingschool-to-work transitions for young people more difficult. Thus, education plays an important role in determining the employment status of an individual.

2.1.7 Social Capital Theory

The necessity of social capital begins in the work of the James Coleman, Francis Fukuyama, Robert Putnam, and Pierre Bourdieu; 2011 as cited by (Aslefew, 2011). Whereas these four scholars vary in disciplinary base and emphasis, they contribute to a focus on feature of social relations, namely, values, norms, and networks or social capital and the role they play in social cohesion.

Community is central to theories of social capital in that norm, values, and networks produce and reproduce communities, be they geographical, face-to-face neighborhood communities, informational communities and networks, or civic communities of social or political engagement. Social capital is concerned with specific types of social bonds that sustain a sense of connection among individuals. Popular anxieties about a loss of community have entered social scientific discourse through the concept of social capital. This theory advances on the necessities of the social relation which help as the meanstofind a job.
Granovetter, 1973 noted that a close relation or social networks within the people are regular, expressively concentrated association with the colleagues, and other members of workers as cited by (Aslefew, 2011). The latest news will be easily dispatched and shared among other members and creates conducive condition for the accessibilities of the job. Social capital is concerned with specific types of social bonds that sustain a sense of connection among individuals. Popular anxieties about a loss of community have entered social scientific discourse through the concept of social capital.

While there may be broad agreement about the specific elements of the social that are collectively called social capital, there are very important differences among these key theorists. Those who have weak social relation with others are marginalized and damaged with lack of in accessibilities of information which makes them to miss job opportunities in some degree, in addition poor social relation leads to friendless and discriminate them from the community.

Bourdieu’s, 2011 notion of social capital does not fit into this continuum, which, broadly speaking comes from a consensual, functionalist model of society. Bourdieu operates within a conflict model of society, and his emphasis is on how networks recreate unequal social relations. The consensual perspective tends to regard social networks as equally available to all. In the conflict perspective, all social groups have networks, but not all networks provide equal access to resources. Socially bounded and stratified networks reproduce those unequal social relationships.

2.1.8 The Job-Matching Theory

The concept of Job-matching depends on the labor market and the idea contains different multidisciplinary professional skills with respective experience levels. As (Jovanovic, 1979) pointed out positions that need skilled person are occupied by most educated adults as cited by (Aslefew, 2011). A mismatch between the skill sets of the unemployed and the needs of employers is the main reason behind structural unemployment. The mismatch comes about because the unemployed are unwilling or unable to change skills or to move to a location where their skills are in demand. As a result, it becomes very costly to match workers with jobs and unemployment is often prolonged.

For example, businesses in a certain area may require young people with advanced information technology skills. A young person living in this area but without these skills will have difficulty finding a job his/hers skills are not matched to the demand. Down a similar line of reasoning, a young person with the required skills set but living in an area where these are not in demand because employers are looking for agricultural workers, will have an equally difficult time finding work or may become underemployed.
An important trend in labor markets in more developed economies, influenced to a large extent by globalization, has been a steady shift in demand away from the less skilled toward the more skilled. This is the case however skills are defined, whether in terms of education, experience or job classification.

The result of the changing composition of labor demand has led, and is leading, to a reduction in the number entry-level, unskilled jobs, resulting in a mismatch for young people with low education and skills levels. Cyclical unemployment can also influence skills mismatches.

Skills mismatches are generally caused by two factors. Firstly, at a general level, the school curriculum may not provide the skills employers are looking for. In most education systems, there is still a clear lack of practical and experiential learning as well as of teamwork learning.

Experiential learning is very rarely used, as an effective way of gaining knowledge and experience, yet it is probably the most powerful way of learning entrepreneurship. Moreover, teachers and university professors often have only limited experience in, and understanding of, small businesses and self-employment.

So they are not adequately trained or educated to teach entrepreneurial skills young people. Secondly, the absence, or inaccuracy, of Labour Market Information (LMI), i.e. information on what skills are in demand and where jobs are, will lead to many young people making a choice of career that is not based on the realities of the labour market.

2.1.9 The Theory of Job Search

Where more formal systems of job applications exist, recruitment channels can be difficult to navigate and a young person may not know how to write a Curriculum Vitae (CV) or how to present oneself in a positive light in recruitment interviews. Adults, on the other hand, might have the possibility of finding work through references from previous employers or colleagues and are more likely to know the right people.

The decision to apply for it depends on the expected value of getting a job or not; lastly, he/she accepts the offer of any job for which he/she applied in getting it. The success of individual’s application depends on his/her personal characteristics. Thus, they concluded that individual factors and the degree of competition from other jobseekers could affect the chance of finding a productive job.
2.2. Factors of Youth Unemployment

Challenge of youth unemployment is the result socio-economic and demographic factors at micro and macro level of the economy (Aslefew, 2011). The growth performance since 1991 has been inspiring with average real GDP growth of 3.7% (Geda, 2002). During his study of unemployment that focuses on young men, (Semeels, 2001) also noted that the magnitude of the unemployment challenges that the youth faces.

This percentage increase of youth unemployment has been predictable as one of the most severe obstacles to economic, political and social development in most developed and under developed countries (GTZ, 2010). Nowadays, youth unemployment is a current issue and debates of many policy makers and leaders of every country in the world. Youth unemployment is one of the most vital social and economic troubles facing developing countries whose labor markets have characterized largely by low (Blanchflower, 2009).

(Krishnan, 2001), characterize this self-employment and private sector has no enough capacity to absorb such huge number of unemployment since it had experienced in the pre-1991 period although (Degefe, 2002), point to the fact that the post-1991 economic growth primarily came from the agricultural sector which is not strongly associated with urban sector. In case this study will be emphasized on assessing individual’s demographic and socioeconomic features that hinders youth employment. These are broadly classified as demographic and socioeconomic factors and the detail is presented as follows.

2.2.1 Demographic Factors of Youth Unemployment

2.2.1.1 Rural Urban Migration

In social and economic challenges that young people face in urban areas of Ethiopia, the national population policy paper point’s rural-urban migration and migration among cities and towns as the determinants behind the social difficulties that young people come across in most cases in urban areas of Ethiopia. (Bizuneh et al, 2001) noted that the significance of migration in determining the age structure of the population in urban areas, specifically in Addis Ababa, thereby pointing out its impact in explaining urban unemployment.

Rural-urban migration is another feature of explaining urban unemployment in Ethiopia. With regard to migration status, out of the total working-age population, in 1999 about 8.8 percent and in 2005 about 8.3 percent of them were recently migrated who lived less than five years, of which most of them have rural origin. Perhaps, such proportion of migrants in the city labor market may seem understated as compared to the seemingly large number of migrants flooding to the metropolis.
However, when the early migrants who relatively lived longer (5-9 years) were added, the proportion of migrants rose to 20.44 percent in 1999, and 17.45 percent in 2005. In Ethiopia the attitudes of the people still not advanced of the this reason the ideology of the society towards women are still not advanced. Moreover, youth often move to institutions for education and training, but many migrants move forem-ployment related reasons followed by their families.

The writer also pointed out that while it is not the most important factor, rural-urban migration does have a huge impact on the bringing of excessively high level of youth unemployment in urban areas. In 2005, 79 percent of Ethiopian women between the ages of 15 and 29 were participating in the labor force whereas 86 percent of Ethiopian men between the ages of 15 and 29 were participating in the labor force. For men, this was a slight decrease from 87 percent participation in 1999 whereas for women this was an increase from 75 percent 1999.

2.2.1.2 Sex

Gender is one of the important factors responsible for variations in the position of individuals in the labor market. In a review of youth unemployment surveys in 97 countries, (UN, 2003) noted that females tend to be far more vulnerable to unemployment than males.

In explaining the determinants of excessive youth unemployment rates in urban Ethiopia, (Getnet, 2003), also depicted that the speedy rising of labor supply and educational achievement are the necessary points determining the level of the youth in the labor market the distinctions are even more marked when we look at employment and unemployment rates of youth.

Male youth had an employment to population ratio of 83 percent and an unemployment rate of 4 percent, compared to the employment to population ratio for female youth of 71 percent and an unemployment rate of 11 percent. The difference in labor market outcomes for men and women is not unique to Ethiopia. In general, men have more employment opportunities than women.

Women have less access to education, formal sector employment, social security, and government employment programs (Tadaro and Smith, 2008). Male and female youth in rural and urban areas have witnessed improvements in the labor markets since 1999. Rural employment to population ratios have raised and unemployment has fallen. Formale youth in rural areas, underemployment appears to be the primary obstacle they encounter, although even this has improved significantly between 1999 and 2005.

In 1999, 56 percent of all employed male youth were not satisfied with the amount of hours they worked. In 2005, the share fell to 30 percent. For urban male youth, labor force participation rates have fallen; a product of increased education participation as Ethiopian youth is delaying entering the labor market to acquire more skills.
There have not been significant decreases in employment to population ratios, however, unemployment has fallen significantly. Employed urban male youth have also declined their involvement in the informal sector. In 2011, 29 percent of urban male youth were employed in the informal sector, a 22 percent point decrease from 1999’s level. These positive trends have also been observed for female youth. Unfortunately, the extreme differences between female and male outcomes are even more obvious when we observe rural and urban areas separately.

Even though unemployment is low in rural areas, for female youth unemployment rates were at 6 percent in 200 compared to an unemployment rate for male youth of only 1 percent. In urban areas female youth are more affected by unemployment than males in 2011 the rate of unemployment for female was 30 percent but the average unemployment rate for urban areas was estimated to 18 percent.

Around 41 percent of female were employed in informal sector in 2011. As (Hallerod and Westberg, 2006) pointed out that one of the. In most cases females are discriminated both in short term and long-term unemployment than males.

2.3 Socio-Economic Factors of Youth Unemployment

2.3.1 Household income

In the field of Economics, distinction is often made among the various types and states of unemployment. As (Henderson and Poole, 1991) argued, unemployment may arise for a number of reasons; and, hence, identifying the different causes is important so as to treat the problem effectively. The subjects have given significant evidence on the magnitude of the youth unemployment problem. Youth unemployment has also been related to family background, country aggregate demand, skill gap as well as demographic related factor.

Youth employment in developing countries has a great role in a sense it reduces the burden to the families and they can easily involve in other development activities. Youth employment also alleviate poverty reduction among the families as the employed youth take part in helping the family to overcome poverty constraints.

Household income is a socioeconomic factor that has its own contribution to the cause of youth unemployment. (ILO, 2004) noted that unemployment rates among young people have a tendency to decline as household income rises. Youths those who have educated and better life status family had have good chance of finding employment since their family tends to invest more in the education of their children’s.
Similarly, a research carried out by (Anh et al., Rees and Gray, 2005/1992), pointed out that family income uses assignificant. On the other side, they explained that youth who reside in low income earning family are less employed in the labor market. Likewise, (Morris, 2006) showed that the significant effects of family economic status, paternal occupation, education and parental divorce are notable in affecting the employment status of youth.

Additionally he pointed out that a better income earning household had some chances, i.e. higher income can enable youth to have greater access to education, information and social network this could make easy access to employment opportunities existing in the market. Also (ILO, 2010), noted that young people who live in low income household have higher probability of being unemployed than adults of being among the working poor when in the labor market. It also specified an estimated 152 million young people were living in poor households (with per-capita expenditure below US$1.25 a day) in 2008, were unemployed.

By elaborating this point, a study conducted by (Echebiri, 2005) describes that unemployment has affected youths from a broad spectrum of socioeconomic groups, both the well and less educated, although it has particularly suffering a substantial fraction of youths from low income backgrounds. Youth employment minimizes the social costs within the societies, reduces violence, criminal activities, drug addiction as well as prostitution which reduce social costs in the country (McLean, Hilker and Fraser, 2009). What brings high youth unemployment has been a significant point to both policy makers, development partners, scholars and other development stakeholders.

Several factors such as economic, social, political and environmental factors have been related to the youth unemployment in several studies. According to (Contini, 2010) a country with high economic development is likely to create more jobs due to output increases which require additional labor force. According to (ILO, 2006) well-designed labor market regulations in the country are very important in building efficient and nondiscriminatory labor system.

2.3.2 Fathers and mothers education

The youth unemployment problem has also been linked with educational background and the profession they have had as compared to the qualification needed in the labor market. There has been a skill gap between the youth and the labor market which enhanced the difficulty of youth unemployment (McLean, 2011). According to (ILO, 2011) youth unemployment is associated with low school leaving age and microeconomicas well as business situation.
When the least age at which a person is legally acceptable to complete compulsory education does not match with the lowest allowed full time employment age legally youth unemployment problem rises. On the other hand, country with low economic activities where business environment does not support the easy startup of business makes a high contribution to the youth unemployment.

Society and families invest a lot of funds in youth education, hoping that they will become productive after completion of education. In addition, empirical data on youth unemployment comprise the study by (Dimitrov, 2012) which observed youth unemployment in Bulgaria.

The finding of the study stated that youth unemployment problem was high in the country and factors such as premature school leaving age, low quality of education and business cycle were the major determinants of youth unemployment.

On top of that the study also concludes that social network and status in addition family background have too much influence on youth unemployment. If parents or one of the parents are unemployed, inactive, have low education, illiterate, without skills and qualification, live in poverty, are likely to replicate similar style to the youth people.

In the same way, (Schiefelbein and Farrell, 1982) explained that family background in education has its own impact on the supplementation of youth to the labor market also they stated that the higher the parents are educated, the less number of firms visited, and large proportion of youth who have got job.

Furthermore, (Morris, 2006) stated that as a measure of social status, family education's is an important factor in determining employment status of youth. So, youth who had well educated parents could face less difficulty in getting jobs compared with those youth whose parents were less educated or illiterate.

The study specified that most of the youth people were embarrassed with limited education, lack of experience and skills that did not help them to break through in the labor market and progress their human capital. An indication by (UNICEF, 2005) explained that in most of the developing countries youth people are not completing secondary education or other vocational training.

As a result most of them are marginalized so they participate in activities such as drug abuse, alcohol, unsafe sex and crime which not only make them hopeless and fruit full but also demoralized towards their future education is considered as an important asset for economic development as well as securing decent and productive job. (1961, 1961) pointed out that education has a great contribution and significant role in the economy of a country.
Education raises the output and competence of people by raising the level of cognitive supply of economically active human potential which is a product of natural abilities and investment in human beings. He added that education increases job opportunity labor market, allows people to obtain financial and non-financial returns and gives them opportunities for job access, and leads to greater productivity for the community and improves the probabilities of getting work for an individual.

2.3.3 Work Experience

According to (CSA, 2011) pointed, out of the total urban unemployed persons in the country, 51.7 percent had no work experience and 48.3 percent have had previous work experience. Among those unemployed persons who had prior work experience, females are slightly higher than males, whereas male unemployed are more dominant than females among those in first time job seekers.

In addition 61.2 percent of the unemployed persons are jobless for less than 13 months. Unemployed persons who stay without jobs for 96 months and above account 13.8 percent, and those who stay for 13-24 months and 25-95 months account 12.5 percent, each. Employers often look for more than educational qualifications to ascertain that a young person will perform well. As (ILO, 2004) explains inexperienced youth have less chances of finding job in the modern sectors of the economy.

Besides of that young people those are skilled and more experienced, are too demanded by different organizations, and have high chances of getting employment opportunity. In another way a research conducted by (Foot, 1986) reveals that because of lack of work experience and other personal thoughts, youth unemployment rate comes to be high as cited by (Aslefew, 2011). (Anh and Hassen, 2005), also point out that in addition to lack of work experience, backward attitude to toward work practice, irregularity, and lack of commitment to the job lead to the segmentation of young workers.

In addition they remarked that employers are usually doubtful to employ young people who have little or no practical work experience since the expenses to retrain or to fill the skill gap of young workers are often too expensive. As a result, youths are distress from the lack the work experience, so that inexperienced young people waste so much time in seeking for a job.

2.3.4 Job Preference

In view of job Preference, (Okojie and Haji, 2003, 2007) discussed that the educated youth prefer wage jobs in the formal sectors rather than self-employment or creating their own jobs to win the life struggle. Similarly, (ILO, 1999) also explained that instead of creating their own jobs, they youths attitude is waiting for the government to find employment for them, as a result when the government is unable to do so, most youths remained unemployed in Tanzania.
A study conducted by (Echebiri, 2005) in Nigeria found that most unemployed young preferred employment in the well-organized private sector. They prefer to work in banks, oil companies, manufacturing companies, major marketing companies, and so on. While a large percentage of youth also preferred to work in the governmental sectors.

Similarly, another study carried out by (Adenikinju, Oyeranti, 2004) revealed that instead of actively seeking a job in the private sector or starting a business by their own. In Ethiopia, there is an ideology that has been seen within youth that they prefer job.

With this view, (Berhanu et al., 2005) indicates wrong kinds of attitudes and job expectations on the part of youth are prevalent, including the preference for white collar jobs as opposed to agricultural and manual work. Moreover, they state that one of the reasons for wrong kinds of attitudes towards jobs is the inadequacy and excessively academic orientation of the educational systems of the country, and the result is still visible in the current situation. Therefore, job preference could be seen as a factor for youth unemployment.

### 2.3.5 Social Networks

In many developing countries, it is only through informal networks typically through family and friends that a young person finds work or information about what jobs are available. In countries without formal recruitment channels young people may simply not know how and where to look for work beyond word of mouth. While adults are also at a disadvantage, the lack of job search experience and networks puts youth at an even greater disadvantage.

In case where social networks are as critical as qualifications, young urban migrants face a great challenge to survive with weak social networks (Lange and Martin, 1993). Progressively; the informal sector provides employment to young educated people, whose access to modern sector employment is declining. With lower literacy rates, rural young people those migrated are at a disadvantage relative to more educated urban young people.

The rise in criminal activity, drug addiction and prostitution among young unemployed migrants is due partly to the combined effects of the lack of social networks and insufficient job opportunities. Putnam’s interest in social capital developed out of his longitudinal study of regional government in Italy. He argued that the success of social institutions depend on social capital, which he defined as social norms of trust and reciprocity, networks, and civic engagement. Thus regions with many social networks, whether sports clubs or political parties, tended to have more successful institutions and better social outcomes.
2.3.6 Trends of Youth Unemployment Rate in Urban Ethiopia

According to (USAID, 2006), many poor countries have dualistic labor markets, in which a small fraction of workers have regular formal sector jobs; while a majority, especially women, work in the informal sector. Like many sub Saharan Africa countries, employment in Ethiopia is also characterized by a heavily segmented labor market situation.

As (EEA, 2007) reported, it can be divided among different segments, with a considerable difference between formal and informal employment, private and public employment, wage and self-employment, urban and rural employment, and so on. (Guracello and Rosati, 2007). Although the subsistence agriculture is estimated to absorb more than 80 per cent of the total labor force, a significant proportion is argued to be underemployed. Furthermore, a substantial proportion of the population in urban areas, regardless of the higher unemployment and underemployment, is involved in the informal sector of the economy.

As a result, they added, the overall open unemployment rate reported at a national level is often lower, and may imply a fairly overestimated employment-to-population ratio. In fact, the official unemployment rate is sometimes criticized for overestimating effective labor utilization. (Ghai, 2003) has argued that the official unemployment rates, particularly in low-income countries, can give a seriously misleading picture of work opportunities. According to him, unlike the situation in rich countries, in most developing countries the unemployment rates are generally low; mainly because people in poor countries cannot afford to stay unemployed.

Here, it is worth quoting the idea of the UN in its Report of the MDGs arguing how higher employment-to-population ratios could point to an abundance of low quality jobs. The proportion of the working-age population that is employed is a good indicator of the ability of an economy to generate jobs. In most countries, that proportion is in the range of 55 per cent to 75 percent.

Nevertheless, employment-to-population ratios and poverty indicators can both be high because people must work to survive, regardless of the quality of their job. This is the case in sub-Saharan Africa, which has the second highest adult employment-to-population ratio among all regions (about 74 percent), but the lowest levels of labor productivity. More than half of those employed in this region were among the extreme working poor, and more than three quarters of workers were engaged in vulnerable employment (UN, 2009).
Ghai, 2003) further insisted that in most low income countries, even if the labor force participation rates are high and the unemployment rates low, earnings are inadequate to support a minimum standard of living. He therefore argued that the proportion of the working population earning incomes below the poverty line could be a better indicator of employment opportunities relative to the aforementioned usual measures.

### 2.3.7 Conceptual Framework

For the purpose of this study we identified explanatory and dependent variables. By this regard in testing the factors that determine youth unemployment in case socio-economic determinants and demographic-determinants which were identified.

Developed by an author.
CHAPTER THREE
METHODOLOGY

3. Introduction

The chapter covers methodologies applied in implementing the objectives set for this specific paper using primary data. This chapter is organized as follows; brief background on the study area and data collection procedures, sample design, data analyzing techniques, model specification and sample size determination.

3.1 Description of the study Area

Jimma is the largest city in southwestern Ethiopia. Located in the Jimma Zone of the Oromia region, this town has a latitude and longitude of 7°40'N 36°50'E / 7.667°N 36.833°E / 7.667; 36.833. It was the capital of Kaffa Province until the province was dissolved. Based on figures from the Central Statistical Agency in 2005, this town has an estimated total population of 159,009 of whom 80,897 were males and 78,112 were females. Herbert S. Lewis states that in the early 1960s it was "the greatest market in all of southern Ethiopia.

The particular study area is Jimma town, which is one of the districts in the zone, which is situated at a distance of about 346 K.M. away from Addis Ababa to the south west. Besides, there are four government owned higher institutions such as Jimma University, College of Teacher Education, Technical and Vocational Training College, one specialized Hospital, and other private institutions.

For the implementation of good governance and to deliver service for the community in the nearby the municipality divides the town in to seventeen kabale's under seven clusters. As the report from Micro and small scale enterprise agency of the town shows unemployed youths in the town are co-operated under different socio-economic activities. The activities under which they organized are agriculture (2,547), industry (2,307), and service (3,669), construction (2127) and on other petty trade (4,322) in general 2,417 co-operative enterprises having 47.3 million capitals were organized. In this regard youth population is more beneficial.

3.1.1 Data Sources

The study has used quantitative data collected through personal interview and questionnaires. The questionnaires would have designed and formulated to collect information about socio-economic and demographic determinants of youth unemployment from sampled youth. It was carried out to together information in order to verify the findings obtained through personal interview. In addition, secondary data was obtained from records of administrative offices; line sectoral office, publications, journals, books and other sources related to this study will also serve to develop the analysis.
3.1.2 Study Design

The research question was prepared to conduct the study on socio-economic determinants of youth unemployment in Jimma town. The Objective of the study is to examine the overall Characteristics and determinants that affect youth unemployment status in urban Ethiopia with a special emphasis on Jimma town. The data surveying would be carried out by enumerators and supervisor having good experience in datacollection of related surveys.

The researcher has given an orientation for the enumerators and supervisor. The orientation includes explaining objectives of the study, procedure of data collection, how to approach the respondents and respecting the willingness and ethical values of the respondents by considering norms and culture of the study area. Orientation that has been given to the supervisor was on how to manage and supervise the data that would be collected and systems of identifying mistakes and gave correction to the enumerators on spot.

It has also given attention on how to reduce non-response by effective follow up through asking questions or re-interviewing besides to editing keeping the quality of the data. The study used a cross-sectional study design and largely used primary data obtained through conducting household survey. The target populations have been incorporated youth aged 15-29 years those live in Jimma town.

3.1.3 Sample Design and Procedures

Multi-stage sampling designs were engaged in order to choose respondents who live in the study area during the reference period.

**Stage 1:** The primary sampling units were kebeles. A number of kebeles were selected from the clusters that were organized out of the seventeen kebeles in the town using simple random sampling techniques.

**Stage 2:** The secondary sampling units were enumeration areas. Enumeration areas were selected using simple random sampling techniques. The study kebeles and enumeration areas were selected from the 2007 population and Housing Census list prepared by CSA.

**Stage 3:** Using fresh list of households in each enumeration areas as a sampling frame, samples were selected using systematic random sampling techniques for the study. To undertake the focus group discussions, participants were selected on the basis of the characteristics they have in responding the topic under investigation from the study areas and, information was collected using focus group discussion guide.
3.1.4 Description of the Data and Methodology

3.1.4.1 Description of the Data

The study uses primary data; the data were taken entirely from the Survey conducted in Jimma town by the individual data collector. In addition, secondary data were also used that taken from line sector of the administrative office of the town. The Surveyed data were unique in that it provides comprehensive youth unemployment data representing urban areas of all kebeles of the town.

The Labor Force Survey was mainly aimed at providing information on the economic characteristics of the population aged 15-29 years. The two local surveys produced cross-sectional data on the activity status, employment, and unemployment situation as well as fairly detailed socio-demographic information. The surveys encompass age groups, only those in the conventional young age population are considered.

Hence from now on, throughout this paper, the working-age population refers to those in the sample whose age is between 15 and 29 years, inclusive. Accordingly, for the descriptive statistics only 451 individuals in 2014 were considered. In the same way, in the regression analysis, 451 individuals in 2014, which were economically active (in the labor force) and net of missing values, was included.

3.1.5 Method of Data Analysis and Specification of the Model

The appropriate data were analyzed using two approaches. First, simple descriptive statistical analysis was employed to evaluate the activity status of the targeted population and the local labor market outcomes by interacting them with various socio-demographic variables. In doing so, frequency distributions, cross-tabulations and ratios and/or percentages are extensively used.

Secondly, to balance the descriptive statistics and test the effects of socio-demographic characteristics on the probability of being unemployed, the Logit model was also employed. As many econometric and related literature recommended, to specify the association between a qualitative (dichotomous) dependent variable and a set of relevant explanatory variables, binary outcomes models are recommended to be appropriate (Wooldridge, 2002).

The classic and broadly used binary outcome models are the Logit models. They specify different functional forms; and particularly, they differ in the specification of the distribution of the error term (Cameron, Trivedi, 2005). On the basis of the reviewed literature, it was assumed that the unemployment status of an individual (the probability of being unemployed) is significantly influenced by a number of socio-demographic variables.
With this prior hypothesis, an attempt was made to summarize the explanatory variables to be included in the model and their expected functional relation with the dependent variable. An interview schedule was the main tool of data collection while descriptive statistics and logistic regression analysis were the main analytical techniques.

Data were analyzed using the Statistical Package for Social Sciences (SPSS) and the chi-square test while frequency, percentages and means were utilized to discuss the research findings. The possible determinants of youth unemployment will be investigated after the research will be undergone.

The main variable of interest is unemployment, a latent variable, where the individual may be classified as either employed or unemployed. At the multivariate analysis, since the dependent variable is dichotomous, binary logistic regression model was also fitted. For the analysis of such data, logistic regression was applicable to examine the relationship between youth unemployment and a set of predictor variables.

Generally the logistic regression model explained is in the following way:-

$$\log \frac{P(i)}{1 - P(i)} = \ln(\text{odds}) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \cdots + \beta_n X_n$$

The corresponding multiplicative model for the odds is:-

$$\frac{P(i)}{1 - P(i)} = \exp \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \cdots + \beta_n X_n$$

Where, \( P(i) \) - is the probability that ith respondent is unemployed and \( (1 - P(i)) \) - is the probability that the ith respondent is employed at the time of the survey, \( \beta_i \)'s - are the regression coefficients and \( X_i \)'s - are the set of independent variables.

From the \( \beta_i \)'s the odds ratio is estimated as \( \exp(\beta) \).

The odds ratio is the factor by which the odds of unemployed change per unit change in the ith independent variables, controlling the effects of other variables.
3.1.6 Sample size Determination

In order to determine the sample size required for the study we used the formula proposed by (Kothari, 1990).

That is,

\[ n = \frac{p q (Z_{\alpha/2})^2}{\epsilon^2} \]

where, \( n \) is sample size

\( p \) is the proportion of youth, those unemployed,

\( q \) is the proportion of youth, those employed,

\( \epsilon \) is marginal error, \( \epsilon = 5\% \) is accepted.

\( Z_{\alpha/2} \) = Confidence interval of at 95\% is assumed \( (Z_{\alpha/2} = 1.96) \) as an assumption.

In order to determine the size of the sample, the proportion of youth unemployed at national level was considered for computing maximum possible size. According to (CSA, 2012), the proportion of unemployed youth in 20012 was 17.5\%.

- The sample size was estimated,

\[ n = (0.175) (0.825) (1.96)^2 = 221 \]

Where \( q = 1 - p \), \( q = 1 - 0.175 = 0.825 \); thus

\[ n = 221 \]

We can use this formula in simple random techniques, but as discussed under the topic sample design and procedure the study uses multistage sampling techniques. So the calculated sample size would be adjusted by design effect factor (DEF); which is the ratio of actual variance under the sampling method actually used to the variance computed under the (Ariawan, 2005)

For the sake of this study, DEF preferred. Therefore, \( n \) adjusted = \( 200 \times \text{DEFF} \), \( = 221 \times 2 = 44 \)

The overall sample size of the survey was also increased by 5\% for non-response.

\[ 442 \times 5\% = 22 \]

The total sample size of the study would be,

\[ 442 + 22 = 464 \]

The sample sizes for each EA were allocated proportionally by using the formula:

\[ n_a = \frac{N_a x n}{N} \]

where

\( n_a \) is sample size allocated for enumeration area “a”,

\( N_a \) is the number of listed eligible youth in enumeration area “a”,

\( n \) is the total sample size (462), and

\( N \) is the sum of all eligible youths listed in
3.1.7 Graphic arrangement of sampling procedure

Out of the total sample size (464), during the data collection/survey period the exact figure covered were 451. This implies that out of the total sample size planned to cover 97.2 percent were covered effectively in this study paper. The questionnaires which were prepared for the survey of data were distributed for 451 youths in the 14 enumeration areas. Data from thirteen respondents were not gathered because of different reasons like changing place of residence.

3.1.8 Measurement Tools

The prepared questionnaires were included structured questions, that helps to gather the information of both demographic and socio economic characteristics of the respondents. Initially the questionnaires were prepared in English, but for the sake of easily understanding by the enumerators and respondents it was translated into Afan Oromo. The Afan Oromo version questionnaires were checked in on pilot survey in Mendera Kochikebele of the town.

Depending on the pilot test undergone chronological order of the question, frequency of the question, the idea of the question, its content and time needed to complete a question paper and at the end its accuracy towards its objective was analyzed. The basic modification was given for the data collection instruments depending on the demonstration made.
3.1.9 Field Work

The data collection work was done by four enumerators and onesupervisor those who have had experience in data collection in the desired way and participated in different surveys of data. Theresearcher has been given orientation for three hours to create clarity on the whole objective and goal of the study as well as the norm and how to threaten the respondents, how to get full information towards the question, rule and regulation of data collection in addition to orders of data collection and how to write clearly the necessary information.

On top of the above mentioned tasks the supervisor had undergone FGD discussion with keen informant groups on the issue of youth unemployment. The main agenda of the discussion were the challenges and constraints of youth unemployment respective to their surroundings, which parts of the population are more affected by the problem and the main solution which is mentioned by the participant’s discussions.

3.2 Data Analysis Method

3.2.1 Quantitative data

The quality of data was checked on time during surveying period and reviewing was made. Additionally, data summarizing, editing and ordering was made manually. In order to reduce errors that may occur at the time of data entry some statistical techniques like census and survey processing system were utilized. The census and survey processing system contains some rules that help to omit errors that may happen during data entry.

This statistical software helps to check the reliability and redundancy of data entry to keep up the quality of data and also exporting data to SPSS version 16 for the investigation. To undergo the analysis SPSS software was utilized. Both univariate and bivariata analysis was employed. Univariate analysis was undertaken to express socio-economic determinants and to explain demographic determinants of the respondents and showed in different Schematic or graphical as well as tabular form.

The relation between different explanatory variables with the youth employment status /dependent variable was checked by using the bivariate analysis method. Binary Logistic regression model was employed at the multivariate analysis because the dependent variable under study is dichotomous.

With Logistic regression the researcher was predicted a dichotomous outcome and the regression model were used to analyze the association between dependent variable and independent variables under study.
3.2.2 Qualitative data
During the examination of the qualitative data, adjustment of the data was realized by reading and edit-
ing therecord and discussion notes. The ideas wererecognizedaligned with the reaction to the main ques-
tionspreparedearlier to the FGD period.

The main points were picked out and the associations between the dependent and independentvariables
were examined by making comparisonand the data was interpreted by using graphing, charting map and
tabulating.

3.3. Variable Descriptions
3.3.1 Dependent Variable
In this research paper youth employment status has been taken as the dependent variable. During the re-
gression analysis if the respondent was unemployed it was coded as 1 otherwise 0 if he/she was em-
ployed during the survey period.

3.3.2 Independent Variables
3.3.2.1 Sex
In the list of independent variables one of the variable which was taken in the model was sex of a
respondent and it was grouped as (1) female (0)male and in the model male was taken as a reference
category.

3.3.2.2 Migration status
The other factor which also projected to persuade the employment status of a respondent was migration
status and was classified as (0) migrant (1) non-migrant. In this studynon-migrant resident were taken as
a reference category in regression model analysis.

3.3.2.3 Educational status
Educational status is the key factor that brings influence in the determination of youth employment sta-
tus. As the curriculum of education system of the country reveals, in this study the respondents were-
classified in to four groups namely (1) no formal and informal education, (2) primary education (1-8), (3)
secondaryeducation(9-12) and (4) higher education which includes (college and university educa-
tion).For this study purpose university degree hastaken as a reference categoryin the model.
3.3.2.4. Job Preference

This study focused on how the option of job accessibility in the labour market affects the employment status of the respondents in their life situation. During the analysis it was grouped as (1) any available jobs in the labor market, (2) choosing paid employment (in any organization), and (3) self-employment. For this study in the model selection of any available jobs in the labour market was considered as a reference category.

3.3.2.5. Household Income

In human being life direct or indirect income is mandatory to survive on this challenge full world mainly at house level incomes were classified in either to cash and in kind this income might be gotten on regular or irregular basis, but for this study purpose the income that a household earned was on monthly basis and it includes governmental and non-governmental paid employment, allowance, self-employment, pension and rents from plant asset.

In this regard household income is also taken as a variable that affects employment status of the respondents. It was classified into four groups (1) ≤ 450, (2) 451-850, (3) 851-1449 and (4) ≥ 1450 birr. For this study the reference category was ≥ 1450 birr which incorporated in the model.

3.3.2.6. Social Network Density

In this digital age period the social network density is the key factor for the chasing of the wanted things, mainly for the sake of this study it helps for the sharing of information and idea exchange to search for the accessibility jobs in the labor market. So then having too tied social network helps to get information and share idea because he/she is densely populated among the people so social network density is having relation with people to communicate each other.

Social network density can also affect the employment status of the respondents; it was regarded in the model being classified as (1) no social networks, (2) social network less than 10 and, (3) social networks 10 and above. For the analysis social network 10 and above was taken in the model as reference category.

3.3.2.7. Mother's Education

Educated families are the key determinants for their children's future life, mothers educational status is taken as the factor for the respondents during survey period mainly of educated mothers. The educational level of mother's was likely affects the employment status of the respondents, and categorized into (1) literate (2) uneducated (illiterate). In the regression model uneducated was taken as a reference category.
3.3.2.8 Father’s Education
In most cases educated families are the designer of their children’s future life in this regard the Contribu-
tion of educated father is very crucial. Highlyeducated father’s refers to father’s educational status in
this study during the survey period and it is predicted to affect the employment status of a respondents
where categorized in to(1) literate (2) uneducated (illiterate). In the regression model uneducated was
taken as a reference category.

3.3.2.9 Marital Status
Marriage has its own social value in the formation of family if it ismanaged properly and the process
undergoes in the right age and economic status. For the purpose of this study marital status taken as ava-
riable that affects the employment status of respondents. It was grouped in to four namely (1) single, (2)

3.3.2.10 Work Experience
During the survey period the respondents were asked if they are involved in different income generatin-
gactivitiesearlier to identify whether they were experienced or not on the spot of data collection time.
The variable was grouped as (1) no work experience and (2) hadwork experience. In the modelno work
experiencehad taken as a reference category.
CHAPTER FOUR
RESULTS OF THE STUDY

4.0 Introduction
This chapter focuses solely on results obtained from the analysis carried out using SPSS. The results are displayed in the following order: percentage, univariate analysis, bivariate analysis and multiple analyses (binary logistic regression).

4.1 Background Characteristics of Respondents
During data collection period by following the rule and procedure of surveying system the necessary variables which were mentioned earlier in determining the youth employment status were captured and made for the analysis and interpretation purpose. When data collection were undergone the necessary issues on socio-economic and demographic characteristics were extensively accessed for the manipulation of findings to create clarity on the understanding of the outcome of the study on demographic and socio-economic determinants of youth unemployment.

The whole condition and characteristics which were comprised the demographic and socio-economic summary of respondents those interviewed during the survey in the study area namely migration status, age, sex, marital status, education, work experience, social network density, mother education, household income, job preference and father education were deeply discussed below by using tables and figures.

4.2 Demographic Characteristics of Respondents
4.2.1 Sex of Respondents
The variable which were utilized to analyze and interperate the demographic characteristics of the respondents under this study is sex. As shown in the figure 4.2.1 below the percentage of each sex independently has been calculated out of the total respondents interviewed under this study 54.5 percent were female and 45.5 percent were male.

Figure 4.2.1 Percentage of respondents by sex distribution

![Percentage Distribution Respondents by sex](image)

Source Survey data Jimma 2014
4.2.2 Age of Respondents

One of the variables which were included in the structured question during the survey period was age of the respondents. The age of respondents were allocated in figure 4.2.2 below, and as it shows the age range from 15-19 (16.2 percent), the age group 20-24 was where a large amount of the respondents were found (45.8 percent) and ranges of age from 25-29 accounts for (38 percent).

Figure 4.2.2 Percentage distribution of respondents by age group

![Percentage distribution of respondents by age group](image)

Source survey data Jimma

4.2.3 Marital Status of Respondents

Marital status is another factor that included in the respondents discussion during the survey time. Out of the total respondent interviewed 75.1 percent were single, 19.9 percent married, 3 percent divorced and 2 percent widowed as shown in the figure 4.2.3 below.

Figure 4.2.3 Percentage distribution of respondents by marital status

![Percentage distribution of respondents by marital status](image)

Source Survey data Jimma 2014
4.2.4 Migration Status of Respondents

When the data collection process was undergone, the respondents were interviewed regarding their migration status. The feedback which is gained from the respondents is offered in Figure 4.2.4 shows that 56 percent of the respondents were migrants and 44 percent were non-migrants.

**Figure 4.2.4 Percentage distribution of respondents by migration status**

![Percentage distribution of Migration Status](image)

Source: Survey data Jimma 2014

<table>
<thead>
<tr>
<th>Variable</th>
<th>Employment status</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employed</td>
<td>%age</td>
</tr>
<tr>
<td><strong>Sex</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>112</td>
<td>55%</td>
</tr>
<tr>
<td>Female</td>
<td>154</td>
<td>63%</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-19</td>
<td>12</td>
<td>16.4%</td>
</tr>
<tr>
<td>20-24</td>
<td>112</td>
<td>54%</td>
</tr>
<tr>
<td>25-29</td>
<td>142</td>
<td>83%</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>194</td>
<td>59%</td>
</tr>
<tr>
<td>Married</td>
<td>56</td>
<td>62%</td>
</tr>
<tr>
<td>Divorced</td>
<td>11</td>
<td>85%</td>
</tr>
<tr>
<td>Widowed</td>
<td>5</td>
<td>60%</td>
</tr>
<tr>
<td><strong>Migration status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Migrant</td>
<td>144</td>
<td>61%</td>
</tr>
<tr>
<td>Non-migrant</td>
<td>122</td>
<td>70.9%</td>
</tr>
</tbody>
</table>

Source: Survey data Jimma 2014
4.3 Socio-Economic Profile of Respondents

4.3.1 Educational level of Respondents

In this study educational level was taken as independent variable to analyze and interperate the background of respondent’s socio-economic status. As the result from the surveyed data of the study from the respondents shows that the youth who have no formal and informal educational level were 2 percent, those completed primary education are 17 percent, those completed secondary school 21 percent, those who have different certificate level and diploma collages were accounts for 30.9 percent and finally 29.1 percent have had university degree as shown in the figure 4.3.1 below.

**Figure 4.3.1 Percentage distribution of respondents by their educational level.**

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illiterates</td>
<td>2%</td>
</tr>
<tr>
<td>Primary</td>
<td>17%</td>
</tr>
<tr>
<td>Secondary</td>
<td>21%</td>
</tr>
<tr>
<td>Certificate &amp; Diploma</td>
<td>30.9%</td>
</tr>
<tr>
<td>University Degree</td>
<td>29.1%</td>
</tr>
</tbody>
</table>

Source: Survey Data Jimma 2014

4.3.2 Job Preferences of Respondents

Job preference of the respondent was regarded as one variable in this study that determinessocio-economic status during the survey period. The respondents were asked the type of job that they are willing to involve in the labour market. The data collected reveals that out of the total respondents interviewed 34.1 percent preferred paid employment in any organization, 35.9 percent preferred self-employment and 30 percent of the respondents preferred any available job as shown in figure 4.3.2 below.

**Figure 4.3.2 Percentage distribution of respondents by their job preference.**

<table>
<thead>
<tr>
<th>Job Preference</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid employment</td>
<td>34.1%</td>
</tr>
<tr>
<td>Self employment</td>
<td>35.9%</td>
</tr>
<tr>
<td>Any available work</td>
<td>30%</td>
</tr>
<tr>
<td>Any available work</td>
<td>135</td>
</tr>
<tr>
<td>Self employment</td>
<td>162</td>
</tr>
<tr>
<td>Any available work</td>
<td>135</td>
</tr>
</tbody>
</table>

Source survey data Jimma 2014
4.3.3 Social Network Density of Respondents

Concerning the social tie and network density of the respondents’ the survey was undergone and data was gazered. As in figure 4.3.3 revealed the clue of the collected data express from the total interviewed respondent 40.3 percent of the respondent had no social network density, 38.6 percent had social network ten and above the rest21.1 percent of the respondents had social networks less than ten.

Figure 4.3.3 Percentage distribution of respondents by their social relation.

4.3.4 Work Experience of Respondents

Work experience was taken as one variable and incorporated in the structured question during data collection period. The respondents were requested whether they had been work experience or involved in any income generating work or not earlier to the survey date. The collected data shows that 64.6 percent of the respondents had work experience and 35.4 percent of the respondents had no work experience at the survey period.

Figure 4.3.4 Percentage distribution of respondents by their work experience level.
4.3.5 Mothers Education Status

The respondents were asked about the educational level of their mothers at the time of the survey. According to the collected data, 57.3 percent of the respondents answered that their mother’s did not get any formal education, while 42.7 percent of the respondents were replied that their mothers were literate prior to the survey period as the figure 4.3.5 below shows.

Figure 4.3.5 Percentage distribution of respondents by their educational level.

4.3.6 Father’s Educational Status

Father’s educational status was regarded as a variable that determines socio-economic profile of the respondents. During the survey period the respondents were asked about their father’s educational status, as a result 29.7 percent respondents’ fathers were illiterate and 70.3 percent respondents’ fathers were literate as shown in the figure 4.3.6 expresses.

Figure 4.3.6 Percentage distribution of respondents by their fathers’ educational status.

Source surveyed data Jimma 2014
4.3.7 Household Income

The respondents were asked their households income per month during the survey time, so the following information were gained by considering their household income as shown the figure 4.3.7 below. 24 percent, 26.1 percent, 29.1 percent and 20 percent of the study respondents live in household monthly income of less than or equal to 450 birr, 451-850 birr, 851-1449 birr and, above 1450 birr, respectively.

Figure 4.3.7 Percentage distributions of respondents by their house hold income.

![Percentage Distribution of HH income of the Respondents](image)

Source survey data Jimma 2014

4.3.8 Employment Status of Respondents

When the data collection was undergone the respondents were specifically requested about their employment status earlier to the survey time. During the survey time the maximum number of the respondents was employed from the total sample size of 451 interviewed respondents 59 percent were employed and 41 percent of the respondents were unemployed at the time of data collection period as shown in figure 4.3.8 below.

Figure 4.3.8 Percentage distribution of respondents by their employment status.

![Percentage Distribution of Employment status](image)

Source survey data Jimma 2014
Table 4.2: Frequency distribution of respondents by Socio-Economic factors, Jimma 2014

<table>
<thead>
<tr>
<th>Variables</th>
<th>Employment status</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employed</td>
<td>unemployed</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No formal &amp; informal ed</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Primary education</td>
<td>30</td>
<td>47</td>
</tr>
<tr>
<td>Secondary education</td>
<td>50</td>
<td>45</td>
</tr>
<tr>
<td>Certificate and Diploma</td>
<td>83</td>
<td>56</td>
</tr>
<tr>
<td>University degree</td>
<td>100</td>
<td>31</td>
</tr>
<tr>
<td><strong>Job preference</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any available work</td>
<td>82</td>
<td>53</td>
</tr>
<tr>
<td>Paid employment</td>
<td>81</td>
<td>73</td>
</tr>
<tr>
<td>Self-employment</td>
<td>103</td>
<td>59</td>
</tr>
<tr>
<td><strong>Social network density</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No social network</td>
<td>82</td>
<td>100</td>
</tr>
<tr>
<td>Social network &lt;10</td>
<td>40</td>
<td>55</td>
</tr>
<tr>
<td>Social network ≥10</td>
<td>144</td>
<td>30</td>
</tr>
<tr>
<td><strong>Household income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>≤ 450 birr</td>
<td>50</td>
<td>58</td>
</tr>
<tr>
<td>451-850 birr</td>
<td>64</td>
<td>54</td>
</tr>
<tr>
<td>851-1449 birr</td>
<td>88</td>
<td>47</td>
</tr>
<tr>
<td>≥1500 birr</td>
<td>64</td>
<td>26</td>
</tr>
<tr>
<td><strong>Mothers education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>illiterate</td>
<td>125</td>
<td>133</td>
</tr>
<tr>
<td>literate</td>
<td>141</td>
<td>52</td>
</tr>
<tr>
<td><strong>Fathers education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>illiterate</td>
<td>46</td>
<td>88</td>
</tr>
<tr>
<td>literate</td>
<td>220</td>
<td>97</td>
</tr>
<tr>
<td><strong>Work experience</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Had work experience</td>
<td>121</td>
<td>39</td>
</tr>
<tr>
<td>No work experience</td>
<td>145</td>
<td>146</td>
</tr>
</tbody>
</table>

Source surveyed data Jimma 2014
4.4 Bi-Variate Analysis

4.4.1 Sex

Sex of the respondent was one of the demographic variables that were found to be related to employment status. The association between sex and youth employment status shows that among 246 females comprised in the sample, 49 percent were unemployed whereas 28 percent of males among 205 total male accounted were unemployed (Table 4.5). This confirms that female unemployment is more severe than male unemployment. The chi-square test specified a statistically significant relationship between sex and employment status ($X^2 = 14.921$, $P < 0.001$, df = 1).

4.4.2 Age

In this study age of the respondents was one of the demographic variables that would be assumed to be affect the youth employment status. The relationship between age and youth employment status revealed that among the total sample the teen age 15-19 years were totally unemployed, youths those belongs to 20-24 years old were more job opportunity than others as from total 207 those found in this age group about 68 percent were employed also those between the range of age 25-29 years old had highly employed when they compared with others age group they account for 72 percent out of 171 those found in this age group. The chi-square test showed that a statistically significant association between age and employment status ($X^2 = 97.558$, $P < 0.01$, df = 2).

4.4.3 Migration

Migration status was taken as one variable and the respondents were requested about their migration status at the time of the data collection period. Depending on their response, the variation of youth employment status was evaluated. As (Table 4.2) above shows, migrant youths exhibited a higher percentage of unemployment in the town compared to non-migrant (39 percent Vs 29.1 percent). The difference was statistically significant ($X^2 = 1.014$, $P < 0.05$, df = 1).

4.4.4 Marital status

As far as the relationship between marital status and youth employment status is concerned, the percentage of unemployment was higher for single youths (43 percent) than married youth (38 percent) and widowed youths were also exposed to unemployment problem as the surveyed data reveals (40 percent), but divorced youths were comparatively less unemployment rate (15 percent) as table 4.2 shows. The statistical test of association was significant ($X^2 = 4.396$, $P < 0.05$, df = 3).
### Table 4.3 Chi-Square test result of the association between Youth Employment status and Demographic variables, Jimma 2014

<table>
<thead>
<tr>
<th>Variable</th>
<th>Employment status</th>
<th>Total</th>
<th>$X^2$- test</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employed</td>
<td>Unemployed</td>
<td>percent</td>
<td>percent</td>
</tr>
<tr>
<td><strong>Sex</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>112</td>
<td>93</td>
<td>55 %</td>
<td>45 %</td>
</tr>
<tr>
<td>Female</td>
<td>154</td>
<td>92</td>
<td>63 %</td>
<td>37 %</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-19 years old</td>
<td>12</td>
<td>61</td>
<td>16.4%</td>
<td>83.6%</td>
</tr>
<tr>
<td>20-24 years old</td>
<td>112</td>
<td>95</td>
<td>54 %</td>
<td>46 %</td>
</tr>
<tr>
<td>25-29 years old</td>
<td>142</td>
<td>29</td>
<td>83 %</td>
<td>17 %</td>
</tr>
<tr>
<td><strong>Migration status</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Migrant</td>
<td>144</td>
<td>109</td>
<td>57 %</td>
<td>43 %</td>
</tr>
<tr>
<td>Non-migrant</td>
<td>122</td>
<td>76</td>
<td>62 %</td>
<td>38 %</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>single</td>
<td>194</td>
<td>145</td>
<td>57 %</td>
<td>43 %</td>
</tr>
<tr>
<td>married</td>
<td>56</td>
<td>34</td>
<td>62 %</td>
<td>38 %</td>
</tr>
<tr>
<td>Divorced</td>
<td>11</td>
<td>2</td>
<td>85 %</td>
<td>15 %</td>
</tr>
<tr>
<td>Widowed</td>
<td>5</td>
<td>4</td>
<td>60 %</td>
<td>40 %</td>
</tr>
</tbody>
</table>

Source: surveyed data Jimma 2014

### 4.4.5 Socio-Economic Differentials of Youth Unemployment

#### 4.4.5.1 Educational level

Education plays a vital role for employment. The table given below reveals that the association between educational level of youth and employment status that shows unemployment was greater among those respondents who were no formal and informal education (72 percent), having primary educational level (61 percent) and secondary level education (48 percent) in addition those having certificate and diploma were relatively low unemployment rate (41 percent).

But it was lower among those respondents having university degree level (24 percent). Educational level and unemployment was related inversely as educational level of youth increases youth unemployment declines. The Pearson chi-square test defined that the relationship between educational level and employment status was statistically significant ($x^2 = 33.125$, $P < 0.001, df = 4$).
4.4.5.2 Mothers’ education

The association between youth employment status and their mothers’ educational level was found to be statistically significant. As it was shown in the table below the differentials in youth employment status with their mothers’ educational level illustrated that youth unemployment was higher (52 percent) among those respondents whose mothers were illiterate whereas those respondents whose mothers were literate during the survey period were more employed comparatively (68 percent). Statistical test of bivariate analysis was also expressed that the association was statistically significant \( \chi^2 = 27.636, P < 0.001, df = 1 \).

4.4.5.3 Fathers’ education

Insofar as the association between respondents youth employment status and their fathers’ educational status is concerned, the percentage of unemployment was higher (65 percent) among those respondents whose fathers were illiterate than those respondents whose fathers were literate (31 percent). The test of association was significant \( \chi^2 = 47.887, P = 0.000, df = 1 \).

4.4.5.4 Job preference

In another case Job preference has also another socio-economic determinant which was related to youth employment status to undergo study on it in this research. As enlightened in different literature review (Okojie, 2003; Haji, 2007), a significant amount of young people wish to work in the formal sectors. In this regard, as the table below explains (47 percent) of the unemployed respondents preferred to work in the formal sectors (government and private institutions) as paid workers and those who prefer to participate in self-employment were accounts for (36 percent). The chi-square test of association result indicated that the existence of a statistically significant association between job preference and youth employment status \( \chi^2 = 4.183, P < 0.05, df = 2 \).

4.4.5.5 Social network density

Another variable which was considered in this study was Social network density of a respondent and taken as one of the social capitals associated to youth employment status. The table given below explains briefly that, among the unemployed youth (55 percent) had no social networks; and (58 percent) of the respondents had poor social tie (less than 10) as compared with those who had strong social relation those ten and above exhibit only (17 percent) of unemployment status. The bi-variate analysis publicized that there was the existence of relationship between social network density and youth employment status \( \chi^2 = 66.434, P = 0.000, df = 2 \).
4.4.5.6 Household Income

When the income of the household increases the tendency of being unemployed decreases because chance of attending further education and getting different training on other income generating activities would be increased and as a result unemployment declines. Concerning household income and youth employment status, the bi-variate analysis revealed that statistically significant relation was found between the two dependent and independent variables.

Out of the total sample size respondents, 54 percent, 46 percent, and 34 percent of the unemployed youth lived in a household earning less than or equal to 450 birr, 451-850 birr, 851-1499 birr respectively as compared with unemployed youth who lived in a household earning above 1500 birr per month (17 percent). In addition as the chi-square test revealed a significant association between household income and youth employment status at ($\chi^2 = 15.902, P < 0.001$).

4.4.5.7 Work Experience

The variable work experience was considered as one of the socio-economic determinants of youth employment status of the respondents during the survey period. As far as the relationship between respondents youth employment status and their work experience is concerned, the percentage of unemployment was higher (50 percent) among those respondents those had no work experience when compared with those had work experience (24 percent) during the survey. The chi-square test of association was significant ($\chi^2 = 28.397, P = 0.000, df = 2$).
Table 4.4: Chi-Square test result of association between Youth Employment Status and Socio-Economic predictors, Jimma 2014

<table>
<thead>
<tr>
<th>Variables</th>
<th>Employment status</th>
<th>total</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employed</td>
<td>unemployed</td>
<td>Amoun t</td>
<td>percent</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No formal &amp; informal education</td>
<td>3</td>
<td>28 %</td>
<td>6</td>
<td>72 %</td>
</tr>
<tr>
<td>Primary education</td>
<td>30</td>
<td>39 %</td>
<td>47</td>
<td>61 %</td>
</tr>
<tr>
<td>Secondary education</td>
<td>50</td>
<td>53 %</td>
<td>45</td>
<td>47 %</td>
</tr>
<tr>
<td>Certificate and Diploma</td>
<td>83</td>
<td>60 %</td>
<td>56</td>
<td>40 %</td>
</tr>
<tr>
<td>University degree</td>
<td>100</td>
<td>76 %</td>
<td>31</td>
<td>24 %</td>
</tr>
<tr>
<td><strong>Job preference</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any available work</td>
<td>82</td>
<td>61 %</td>
<td>53</td>
<td>39 %</td>
</tr>
<tr>
<td>Paid employment</td>
<td>81</td>
<td>52 %</td>
<td>73</td>
<td>48 %</td>
</tr>
<tr>
<td>Self-employment</td>
<td>103</td>
<td>67 %</td>
<td>59</td>
<td>33 %</td>
</tr>
<tr>
<td><strong>Social network density</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No social network</td>
<td>82</td>
<td>45 %</td>
<td>100</td>
<td>55 %</td>
</tr>
<tr>
<td>Social network &lt;10</td>
<td>40</td>
<td>42 %</td>
<td>55</td>
<td>58 %</td>
</tr>
<tr>
<td>Social network ~10</td>
<td>144</td>
<td>83 %</td>
<td>30</td>
<td>17 %</td>
</tr>
<tr>
<td><strong>Household income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>≤ 450 birr</td>
<td>50</td>
<td>46 %</td>
<td>58</td>
<td>54 %</td>
</tr>
<tr>
<td>451-850 birr</td>
<td>64</td>
<td>54 %</td>
<td>54</td>
<td>46 %</td>
</tr>
<tr>
<td>851-1449 birr</td>
<td>88</td>
<td>65 %</td>
<td>47</td>
<td>35 %</td>
</tr>
<tr>
<td>≥1500 birr</td>
<td>64</td>
<td>70.9 %</td>
<td>26</td>
<td>29.1 %</td>
</tr>
<tr>
<td><strong>Mothers education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>illiterate</td>
<td>125</td>
<td>48 %</td>
<td>133</td>
<td>52 %</td>
</tr>
<tr>
<td>literate</td>
<td>141</td>
<td>73 %</td>
<td>52</td>
<td>27 %</td>
</tr>
<tr>
<td><strong>Fathers education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>illiterate</td>
<td>46</td>
<td>34 %</td>
<td>88</td>
<td>66 %</td>
</tr>
<tr>
<td>literate</td>
<td>220</td>
<td>69 %</td>
<td>97</td>
<td>31 %</td>
</tr>
<tr>
<td><strong>Work experience</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Had work experience</td>
<td>121</td>
<td>76 %</td>
<td>39</td>
<td>24 %</td>
</tr>
<tr>
<td>No work experience</td>
<td>145</td>
<td>49 %</td>
<td>146</td>
<td>51 %</td>
</tr>
</tbody>
</table>

Source surveyed data Jimma 2014
4.5 Multicollinearity Effects

Multicollinearity is a question of degree and not of kind. The meaningful distinction is not between the presence and the absence of multicollinearity, but between its various degrees. Since multicollinearity refers to the condition of the explanatory variables that are assumed to be non-stochastic, it is a feature of the sample and not of the population. Multicollinearity is essentially a sample phenomenon, arising out of the largely non-experimental data collected in most social sciences; we do not have one unique method of detecting it or measuring its strength.

We now consider some of thumb rules high $R^2$ but few significant t ratios. As noted, this is “classic” symptom of multicollinearity. If $R^2$ is high, say, in excess of 0.8, the $F$ test in most cases will reject the hypothesis that the partial slope coefficients are simultaneously equal to zero. Multicollinearity in logistic regression is a result of strong inter-relation among the independent variables (Montgomery, Peck, Garson, 1992, 2009). To evaluate multicollinearity effect in the model, bi-variate correlation analysis, Variance Inflation Factor (VIF) and tolerance was used.

Kendall’s tau bi-variate correlation is one of the statistical techniques used to detect inter-correlation between explanatory variables. Based on the values of $r$, the existence of multicollinearity is known. The result of bi-variate correlation analysis shows that there is no strong association between the explanatory variables. Besides, the effect of multicollinearity can also be tested by using Variance Inflation Factor (VIF) and Tolerance. Tolerance is $1 - R^2$ (coefficient of determination) for the regression variable on all other independent variable, ignoring the dependent variable (Garson, 2009).

Some author uses VIF as indicator of multicollinearity. The higher the value of VIF, the more collinear the variable. As a rule of thumb, if the VIF of a variable exceeds 10, which will happen if $R^2$ exceeds 0.9 that variable is said to be highly collinear. In addition another testing method of multicollinearity is Tolerance it uses as a measure of multicollinearity in view of its intimate connection with VIF, the closer is the tolerance, to zero the greater the degree of collinearity of that variable with the other regressor, on the other hand the closer tolerance, is to 1 the greater the evidence is that one regressor is not collinear with other regressors.

The higher the inter correlation of predictor variables, the Tolerance estimate approach to 0 (zero); when the inter correlation gets lower, the estimate approach to 1 (one). VIF is the reciprocal of Tolerance($1/1 - R^2$). The VIF > 4 is an arbitrary but common cutoff criteria for deciding a given independent variable display multicollinearity effect.
4.6 Goodness-of-Fit

Different possible ways of assessing goodness of fit the model to examine how likely the sample results are, given the parameter estimates. Check the overall fit of the model to the data. This is testing: Ho: the hypothesized model fits the data.

H1: not Ho. The Test Statistic is based on \(-2\LL\). To test if the inclusion of independent variables significantly improves the model. This is testing: \(H_0: \beta = 0\) and \(H_1: \beta \neq 0\). The Test Statistic is based on Deviance. \(D = -2(\LL_0 - \LL_c)\), which has chi-square distribution with \(df = k - 1\) Wald Statistic can also be used. The techniques that we are used to investigate the goodness of fit of a model are Hosmer and Lemeshow test.

Concerning this technique of test it is used to accept or reject the alternative hypothesis that the model effectively defines the data. In this regard if the significance level of the test is less than 0.05, it implies that the alternative hypothesis is rejected and the null hypothesis which states the insufficiency of the model to define the data is accepted. But this study reveals that, the significance level of the test was found to be 1 (see Annex II). Accordingly, the alternative hypothesis that describes the model is tolerable to describe the data was accepted.

During the utilization of binary logistic regression in this study the dependent variable ‘employment status’ is coded as 1 if the respondents were unemployed and otherwise a value of 0 if the respondents were employed. In the application of binary logistic regression enter method was used and sets of explanatory variables which are found significant in the bi-variate analysis: namely sex, migration status of the respondents, educational level, mothers’ education, job preference, household income, social network density, father education and marital status were entered into the model. The result of logistic regression is presented in table below.
4.7 Multivariate Analysis

4.7.1 Logistic Regression Model

To identify key determinants of youth unemployment we first computed a dichotomous variable indicating whether the youth were employed or unemployed. That is,

\[
\text{Employment status} = \begin{cases} 1, & \text{if unemployed} \\ 0, & \text{otherwise} \end{cases}
\]

On the basis of Pearson's Chi-square statistic, we determine whether the predictors sex of the respondents, age of the respondents, migration status, marital status, household income, educational level of the respondents, fathers and mothers' educational status, job preference, work experience. In addition, bi-variate analysis, the demographic and socio-economic determinants of youth unemployment were tested using logistic regression model since the dependent variable is dichotomous.

Binary logistic regression model is the multivariate statistical tool used to evaluate the association between the dependent variable (youth employment status) and the predictor variables; namely sex, age, migration status, marital status, education status of the respondents, household income, job preference, social network density, mother education and father educational level of the respondents, work experience of the respondents. The logistic regression model predicts the log odds (youth unemployment versus employment) of the dependent variable.

Then we used a Logistic regression model, given by

\[
\log \left( \frac{p(i)}{1 - p(i)} \right) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \cdots + \beta_n x_n
\]

and the odds ratio could be written as

\[
\log \left( \frac{p(i)}{1 - p(i)} \right) = \ln(\text{odds}) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \cdots + \beta_n x_n
\]

Where,

\( X_1, \ldots, X_{11} \) were the predictor variables sex, age, migration status, marital status, education status of the respondents, household income, job preference, social network density, mother education and father educational level of the respondents, work experience of the respondents, respectively.
P:- indicated the likelihood of the event being unemployed coded with 1 and being employed coded with 0. The regression coefficient composed of with their sign shows the degree and direction of the consequence in the log odds, being the category of status of response variable for a unit of increase in the predictor variable.

\[ \exp(\beta_i) \] is the expected multiplicative variation in the odds for a unit of increasing in the dependent variables, identifying that the impacts of others (Johnson, Wichern, Walker, 2007, 1996) When there is a positive estimated coefficient (\( \beta > 1 \)) the estimated odds rise as the predictor result increases, and the negative coefficient (\( \beta < 1 \)) specifies that the predicted odds decline as the predictor value increases.

The forward selection, backward elimination and stepwise (logistic) regression methods were determine automatically which variables to add or drop from the model. The conditional options use computationally faster version of the likelihood ratio test. Therefore, if the value of the odds ratio \( \exp(\beta) \) is >1, the chance of being unemployed is higher for a member of the group in relation to the reference category. An odd ratio of less than 1 indicates relation to the reference category.

### 4.8 Demographic Determinants of Youth Unemployment

#### 4.8.1 Sex

Depending on the logistic regression analysis undergone and other studies done by (Halleröd, 2006, 2009), it gave the impression that sex was significantly correlated with youth employment status. The regression analysis showed that comparatively being unemployed for female was 1.75 times greater than that of. As logistic regression coefficient between sex and youth unemployment revealed it was significant at (P <0.001).

#### 4.8.2 Age

The association between age and youth employment status was analyzed by using binary logistic regression analysis and as the regression coefficient between age and youth employment status showed that age was not significantly influenced youth employment status and it was not significant at (P<0.01).
4.8.3 Migration Status

From other demographic factors that affect youth employment status migration status one that significantly affected youth employment status in the study area. As the clue of the likelihood ratio of being unemployed for migrants was 1.72 times higher than non-migrants. The logistic regression coefficient between youth unemployment and migration status was significant at \( p = 0.000 \)

4.8.4 Marital Status

The association between youth employment status and marital status during the analysis of logistic regression model was undergone the comparative possibilities of being unemployed for single youth was 1.08 higher compared to those of the every married youth. Though, the association between marital status and youth employment was statistically significant at \( P< 0.05 \).
Table 4.5 Logistic Regression Results of the Effects of Predictor Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Category</th>
<th>β</th>
<th>S.E</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(β)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>15-19 years</td>
<td>44.275</td>
<td>1.606</td>
<td>.000</td>
<td>1</td>
<td>.001</td>
<td>1.691</td>
</tr>
<tr>
<td></td>
<td>20-24 years (RC)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>25-29 years</td>
<td>3.238</td>
<td>1.518</td>
<td>.000</td>
<td>1</td>
<td>.01</td>
<td>2.5474</td>
</tr>
<tr>
<td>Sex</td>
<td>Male (RC)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>-39.172</td>
<td>1.294</td>
<td>.000</td>
<td>1</td>
<td>.001</td>
<td>.000</td>
</tr>
<tr>
<td>Migration status</td>
<td>Migrant</td>
<td>-0.490</td>
<td>1.241</td>
<td>.000</td>
<td>1</td>
<td>.000</td>
<td>.612</td>
</tr>
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<td></td>
<td>Non migrant (RC)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marital status</td>
<td>Single (RC)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>-20.781</td>
<td>6.279</td>
<td>.000</td>
<td>1</td>
<td>.097</td>
<td>.000</td>
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<tr>
<td></td>
<td>Divorced</td>
<td>-0.652</td>
<td>0.722</td>
<td>.000</td>
<td>1</td>
<td>.001</td>
<td>.521</td>
</tr>
<tr>
<td></td>
<td>Widowed</td>
<td>-1.482</td>
<td>1.020</td>
<td>.000</td>
<td>1</td>
<td>.146</td>
<td>.227</td>
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<tr>
<td>Educational level</td>
<td>No formal &amp; informal ed.</td>
<td>1.864</td>
<td>0.736</td>
<td>6.410</td>
<td>1</td>
<td>.011</td>
<td>.652</td>
</tr>
<tr>
<td></td>
<td>Primary ed. (1-8)</td>
<td>1.620</td>
<td>0.311</td>
<td>27.097</td>
<td>1</td>
<td>.000</td>
<td>3.054</td>
</tr>
<tr>
<td></td>
<td>Secondary ed. (9-12)</td>
<td>1.066</td>
<td>0.291</td>
<td>13.447</td>
<td>1</td>
<td>.000</td>
<td>2.903</td>
</tr>
<tr>
<td></td>
<td>Certificate &amp; diploma</td>
<td>0.778</td>
<td>0.269</td>
<td>8.381</td>
<td>1</td>
<td>.004</td>
<td>2.176</td>
</tr>
<tr>
<td></td>
<td>University degree (RC)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job preference</td>
<td>Any available work (RC)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paid employment</td>
<td>-1.270</td>
<td>1.889</td>
<td>.000</td>
<td>1</td>
<td>.000</td>
<td>.281</td>
</tr>
<tr>
<td></td>
<td>Self-employment</td>
<td>-0.649</td>
<td>1.234</td>
<td>.000</td>
<td>1</td>
<td>.000</td>
<td>.523</td>
</tr>
<tr>
<td>Social network density</td>
<td>No social network</td>
<td>40.586</td>
<td>2.802</td>
<td>.000</td>
<td>1</td>
<td>.009</td>
<td>4.229</td>
</tr>
<tr>
<td></td>
<td>Social network density &lt; 10 person</td>
<td>39.817</td>
<td>1.338</td>
<td>.000</td>
<td>1</td>
<td>.008</td>
<td>1.960</td>
</tr>
<tr>
<td></td>
<td>Social network density ≥ 10 (RC)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household income</td>
<td>≤450 birr</td>
<td>.390</td>
<td>1.647</td>
<td>.000</td>
<td>1</td>
<td>.000</td>
<td>1.476</td>
</tr>
<tr>
<td></td>
<td>451-850 birr</td>
<td>.275</td>
<td>1.035</td>
<td>.000</td>
<td>1</td>
<td>.000</td>
<td>1.317</td>
</tr>
<tr>
<td></td>
<td>851-1499 birr</td>
<td>.182</td>
<td>0.668</td>
<td>.075</td>
<td>1</td>
<td>.005</td>
<td>1.200</td>
</tr>
<tr>
<td></td>
<td>≥1500 birr (RC)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mothers education</td>
<td>Illiterate (RC)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>literate</td>
<td>.390</td>
<td>1.647</td>
<td>.000</td>
<td>1</td>
<td>.000</td>
<td>1.476</td>
</tr>
<tr>
<td>Fathers education</td>
<td>Illiterate (RC)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>literate</td>
<td>-0.604</td>
<td>1.053</td>
<td>.000</td>
<td>1</td>
<td>.000</td>
<td>.546</td>
</tr>
<tr>
<td>Work experience</td>
<td>No work experience (RC)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Had work experience</td>
<td>15.088</td>
<td>8.152</td>
<td>.000</td>
<td>1</td>
<td>.009</td>
<td>3.570</td>
</tr>
</tbody>
</table>

P < 0.01, P < 0.05, P < 0.001, P < 0.1, RC- reference category

Source: Survey data Jimma 2014
4.9 Socio-Economic Determinants of Youth Unemployment

4.9.1 Education

Educational status of an individual could be a key factor that affects employment status of youth in the town. Those people having high educational level or highly educated were more productive and they have relatively highly opportunistic and they were highly salaried comparatively. Instead when theyouth lacked essential skills and knowledge, the probability of being unemployed is greater.

The result of this study also proves the above mentioned statement; those having lower level of education increase the odds of unemployed. The probability of being unemployed was 2 times higher for those respondents who had no formal and informal education as well as primary level education when compared with those who had above secondary education (higher education), and the association was significant at ($P < 0.001$).

On the contrary, Table 4.3 shows that the likelihood of being unemployed was 2.97 times higher for those respondents who had secondary level of education as compared with those who had above secondary level of education. And the result was statistically significant at $P < 0.005$. Similarly, the probability of unemployment for no formal and informal education respondents was 2.22 times higher than those who had above primary level of education in the reference category. Though, the level of association was statistically insignificant at $p < 0.001$.

4.9.2. Job Preferences

From the study of this Jimma town youth employment status the dependent variable specified above that means job preference has a significant impact on the likelihood of youth employment status. As (Okojie, 2003) found out educated youth prefer wage jobs in the formal sector and would prefer to remain unemployed until they get the type of job they prefer. This study also shows that preference of paid employment in private or in the government institutions would increases the odds of unemployment.

The likelihood of being unemployed for those respondents who preferred paid employment in the formal sectors was 1.5 times higher as compared to those who preferred any available job in the labour market. The relationship was statistically significant ($p < 0.1$). On other hand, those respondents who preferred self-employment would reduce the relative risk of being unemployed by 24.2 percent than those who preferred any available jobs in the labour market. But, the relationship between the choice of self-employment and any available job was not statistically significant.
4.9.3. Household Income
Household income is expected to influence the employment status of youth in the study area. Unexpec-
tedly, household income had no significant effect on youth unemployment in Jimma town. Though, the
relationship was not significant, the likelihood of unemployment for those youth who lived in a house-
hold earning monthly income birr $\leq 400$, 401-800, and 801-1500 per months was 1.17, 1.22 and 1.5
times higher than those who lived in a household earning monthly income above 1500 birr.

4.9.4. Social Network Density
Social networks are key to find a job in urban areas (Lange and Martin, 1993). Youth who do not utilize
personal networks could miss job opportunities available through personal networks. The lack of social
network could increases the risk of unemployment. The findings of this study confirm the underline
statement that lack of social network increases the odds of unemployment.

It indicate the relative risks of unemployment for youth who had no social network with other people
were 1.69 times higher as compared to those who had social networks five and above. The association
was statistically significant at $P < 0.05$. Moreover, the likelihood of being unemployed for those youth
who had social networks less than five was 1.73 times higher as compared to those youth who had social
networks five and above. The association was statistically significant at $P < 0.05$.

4.9.5 Father Education
With regard to the educational status of the fathers of the youth, the likelihood of being unemployed was
lower by 10 percent for those youth whose fathers were literate compared to those whose father were
illiterate. However, the association was statistically significant.
CHAPTER FIVE

5. DISCUSSIONS OF THE MAJOR FINDINGS

From all the analysis done in chapter four it is observable that the objectives set in this research paper have all been executed. As expected from literature it is evident from the results that socio-economic factors covered in this paper play a role in influencing unemployment within the Jimma town youth.

All the socio-economic factors age group, sex, marital status, migration status, education level, job reference, work experience, social network density, respondents’ fathers’ education and respondents’ mothers’ education, showed association with youth employment status.

Furthermore, females were more likely to be unemployed this could be due to a number of reasons such as traditional practices which are still highly practiced since most believe the male has to take up work and females stay home.

5.1. Females are less employed than Males

As (Aslefew, 2011) noted that unemployment is more severe for females than for males. The result of this study shows that the incidence of unemployment is higher for females than for males, and thus confirming the stated hypothesis in the relationship between sex and youth unemployment. In addition, information obtained from the focus group discussions also revealed that the findings obtained from household survey.

FGD participants stated that: Here in Jimma, due to low level of education, high responsibility for domestic activities, perception of females about themselves, lack of entrepreneurship training, and other factors, made females less employed than males. Thus, the risks of being unemployed for young females in Jimma town is higher than males.

5.2. Migrants are more unemployed than non-migrants

Rural urban migration could aggravate the problem of unemployment. In this study, migrants who came from different areas of the rural area face challenge of unemployment in Jimma town. The findings of this study thus showed uniformity with the finding of other scholars (Anh et. al and Todaro, 2005, 1994). It seems that non-migrants may have better opportunity for education and other advantage, while migrants particularly from rural areas who had low level of education coupled with weak social networks could increase their risks of being unemployed.
A feedback obtained from the FGD members also support the featured argument. They stated that: Due to the expansion of socio-economic sectors, young people migrated towards the town in search of employment opportunities, education and other services. These days it is common to see new comers in the center of the town referred as ‘Merkato Bishishe and some other places in the town’, the place where of daily laborers search for the job.

These new jobseekers definitely had come from the surrounding areas in particular from rural kebeles to look for jobs. The statement given by the FGD participants and the findings of the survey confirmed the hypothesis which states the risks of unemployment is higher for migrants than non-migrants.

5.3 Lower educational level of youth related with higher risks of Unemployment.

Different discussions have been made on the necessities of education in improving and creating job opportunities and minimizing unemployment. (World Bank, 2010). Unemployment rate of less educated youth tends to be higher as compared to more educated youth at 1% significant level, the risk of unemployment is higher among respondents who had lower level of education especially for those no formal and informal education, primary and secondary school graduates relatively with those respondents who had above certificates and diploma educational level.

In addition to the above discussion as(ILO, 2004)and (Hassen, 2005) gave evidence that the absences of the needed knowledge and skill that required for the labor market. To approve the above statement, during the FGD discussion the following points were identified: Now days, even large numbers of unemployed youth have been perceived among secondary school students as well as those having certificate and diploma in the town, including respondents those primary educational level and below. Some of us had certificates of different level and completed grade 10 and grade 12, but we did not have any employment accessibility and engaged in different socio-economic sectors of the town.

At this level of education, we donot have sufficient knowledge, skills and experience required in the market in addition to lately applied rule of COC. As a result they said, “We participate in low wage rate of human capital, just to persist”. Hence, the hypothesis test which states education is inversely proportional to unemployment was confirmed, which implies that youth who had lower level of education and were not have any level of education was less employed compared to those who had completed university degree was confirmed.
5.4. Weak Social Network density related with higher risks of Youth Unemployment

A lack of information, networks and connections among youth, especially youth from families is lacking significant social capital. Many young people lack knowledge of what the world of work is actually like, and have not given careful thought to their own potential career choices. They lack informal networks and connections that are traditionally the major source of information about job opportunities. And they do not know how to navigate the labor market to identify and pursue available jobs or to find and use the most relevant training resources.

As a result from the analysis indicated youth unemployment was also significantly affected by social network density. Those with weak social relation were more susceptible to unemployment problem. As (Granovetter, 1983), stated youth with poor social ties will be absence of current information about the accessibility of labor market and this makes them difficulty of getting job opportunities.

In the other way those youth individuals with good social work could be advantaged in getting job opportunity. In the finding of this research unemployment was highly expended among youths who had weak social networks when compared to youth who had better social networks, because having better social network made an individual to be popular and accessed of news and information about the situation of labour market and job opportunities.

During FGD discussion this issue also raised and the importance of social network in getting employment was confirmed with in individuals those have the better social relation, and social networks. At the discussion period they stated that “majority of us do not have appropriate social networks to find employment because of economic, social and cultural barriers we have. Besides this lack of initiation and attitudes towards search of jobs is too weak; as a result some chances of job opportunities were passable that came through individual networks.

The above discussion explained that having weak social network increases susceptibility of being unemployed. So, the hypotheses which states youth who have weak social networks have higher probability of being unemployed related to youth who have better social network is also confirmed.
5.5 Job Preference increases the probability of Youth Unemployment

As some authors wrote and revised in different literatures potentially equipped individuals and young people wishes to work in the formal sectors and in some cases they choose to persist as unemployed until they get the type of job they prefer, (Echebiri, Okojie, Rahman, 2005, 2003, 2004). The findings of this study also indicated that nearly one third of the respondents (34 percent) of the total sample size were preferred paid employment in the government or private sectors, so, youth those preferred paid employment were unemployed when compared with those preferred to work any available work.

To enrich the above idea, FGD participants pointed out the following points, they stated that, “The majority of us, present here, chooses to work in the formal sectors particularly in the government office because of job security, safe working place, and optimum working hours; also in some cases we follow or take as the role model those who are working in the governmental institutions and they have a big influence on us as a result of unchanged attitudes towards job”. Finally, the result of the study specified that young people were the disadvantaged group of the individuals in Jimma town.
CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6. Introduction

This is the final chapter of this paper and it consists of a brief conclusion and possible recommendations that can help to reduce youth unemployment.

6.1 Summary

The results clearly state that socio-economic factors mentioned in this paper influence youth unemployment therefore there is a great need to look at methods in which youth unemployment can be minimized. Furthermore all the methods to be considered should look into every factor that influences youth unemployment. In this study, an effort has been made to determine the demographic and socioeconomic determinants of youth unemployment in Jimma town, south west Ethiopia, Oromia National Regional State.

The survey was cross sectional by designed and principally used primary data obtained through conducting structural households survey. In order to evaluate the determinant factors of youth unemployment, data on the demographic and socioeconomic characteristics of youth were collected from 451 respondents. The samples were selected by using multistage sampling design and the data were analyzed by using univariate, bivariate and multivariate methods.

The distribution of sample respondents by age and sex shows that the majorities (62.1 percent) of the respondents were found below age 25 and more than half of the respondents were females. Among the total number of respondents, migrants constituted the higher percentage (56.1 percent). With regard to educational level of respondents, nearly two thirds of them had completed certificate and below educational level. Regarding mothers’ education of the respondents, about (57.2 percent) of the respondents’ mothers were illiterate.

The social network density Granovetter, 1983 of respondents demonstrated that almost two thirds of the respondents had weak social network density. Data on job preference depicts that one third of the respondents preferred to work in the formal sectors (private and government institutions) of the economy. The percentage of youth who had no work experience was very small. Most of the respondents lived in a household earning a monthly income below 1500 birr and also their marital status shows higher percentage of them were single.
Concerning the employment status of survey participants, 41 percent of the respondents were found unemployed and 59 percent were employed at the time of the survey. The differentials of youth unemployment were also analyzed in relation to demographic and socio-economic variables using bivariate analysis. As far as sex is concerned, females were at disadvantage in their employment status out of the employed youth 47.7 percent were employed. When compared with male, the percentage of unemployed female was higher it was (64.3 percent) from the surveyed data.

Unemployment also affects youth who has come from other areas to Jimma Zone. High unemployment was observed among migrant respondents (56.1 percent) than non-migrant respondents. With regard to youth educational level, respondents who had no formal and informal education, primary and secondary level education were not employed in jobs available in the labour market of the study area when compared with those diploma and above level of education.

Youth who had their fathers illiterate were unemployed (66 percent) than others who had their fathers’ literate (31 percent). In relation to social networks, unemployment was higher among youth who had no social networks as compared to others who had social networks. The sample respondents who lived in a household earning monthly income of less than 1500 birr were not employed. Youth who preferred paid employment in the formal sectors were found unemployed as compared to others.

The educational status of respondents’ father illustrated that unemployment was higher among respondents whose father were illiterate. Concerning the marital status of respondents, single youth were unemployed as compared to married, divorced and widowed youth. The multivariate analysis shows that sex of a respondent and migration statuses, among the demographic variables were significantly related to youth unemployment.
The relative risk of unemployment was found to be higher for females than for males. And also, compared to non-migrants the likelihood of being unemployed was higher for migrants. From the socio-economic variables included in the model, education, social network density, and job preference were found to be significantly related to youth unemployment.

The relative risk of unemployment was high for those respondents who had illiterate, primary and secondary level of education; youth who had no or weak social network; and participants who prefer paid employment in the formal sectors.

At 5 percent level of confidence, household income, marital status, mothers’ and fathers’ educational status were found to be insignificant. In general, most of the predictor variables included in the regression analysis showed significant effect on youth unemployment in the expected direction, as it is confirmed in most of the research works.
6.2 Conclusions

In this study the determinants of unemployment in Jimma town and its impact on youths’ was investigated using the primary data collected through structural household data collection techniques. There is youth employment challenge in the town. Controlling for other factors females have less chance to be employed than males. Education level and unemployment rate are related inversely. Singles have less chance of being employed than married one. Unemployment is one of the challenging socio-economic problems that affect all people in the working age group.

The existence of high youth unemployment rate is an indication of failure in utilizing human capital, which is an important asset for economic development. Though, the youth are an indispensable asset for economic prosperity and social security; they have been detached from the labour market, and as a result their energy and talent have been wasted and their contribution for development is neglected due to social, economic, and demographic factors.

Currently, addressing youth unemployment becomes an important development and political agenda of several states. The concern of youth unemployment is the outcome of different socio-economic and demographic factors. As indicated in the theoretical approach and explained in the findings, socio-economic factors play a vital role in determining youth employment.
In this manner, from the youth covered by this study, females are more unemployed as compared to males. Further, migrants are also not employed in various socio-economic sectors of the town. On the other hand, socio-economic features of the youth also play its role to increase unemployment. The capacity of low human and social capitals declines the employment of respondents. This can be inferred from the results that lower social network density and low educational level, significantly increases the likelihood of youth unemployment.

In addition, job preference in the formal sector also affects the employment status of youth. Thus, youth who prefer paid employment in the formal sectors have higher likelihood of unemployment. Usually, socio-economic determinants together with demographic factors, reduces the probability of employment opportunities of the young people. Consequently, individuals, families, societies, non-governmental organizations in particular and the country in general, are affected by youth unemployment problem.

A Logit model estimation technique was employed for the purpose of understanding the determinants of unemployment. The result indicates that the factors determining Jimma town youth unemployment are sex, marital status, migration status, educational level, social network density, household income, job preferences, father and mother education as well as work experience.
6.3 Recommendations

On the basis of the findings, an attempt has been made to put forward some policy implications and recommendations that are supposed to be relevant for policy design and formulation pertaining to the issue. The overall findings of the study indicate that the city's working-age population is characterized by a young age structure and also that women and the youth are, at any rate, the foremost victims of unemployment in any measures of the labor market outcomes.

The implication is straightforward; these segments of the society need due emphasis and special treatment. Indeed, this study appreciates the so far efforts of the government through women and youth specific policies and strategies. Nevertheless, the outreach and impact of these programs and strategies are limited and should not by themselves be considered as remedy for the excessive unemployment prevailing in the town. Therefore, along with the existing actions:

- Based on the findings of the study, the following points are recommended to reduce the unemployment of young people in urban areas of Ethiopia specially Jimma town:
  - The Municipality should take some appropriate measures to reduce the unemployment rate of the youth population. Example: Through expansion of Micro enterprise and training programs.
  - More integrated efforts needs to be exerted in promoting womenrelated institutions and Affirmative.actions to enhance active participation and empowerment of women in the labor markets.
  - Attention should be given to the attending of school and some corrective measures should be taken.
  - The government should encourage the private sector to invest more in industries with high employment creation capacity through joint venture with those requiring huge investment highly labor intensive, such as the manufacturing and tourismsectors.
The majority of Jimmazonesociety are residing in the rural area. Therefore, consideration should be given to the rural area to minimize rural urban migration.

Capacitating and empower females to increase their participation in development activities.

The Government should consider expansion of education, particularly programs targeted towards females as they are more likely to unemployed compared to males.

Popularizing information technology to create conducive condition for youths in order to increase their social networks.

Capacitating by different short term and long term training to improve the awareness of youth through advocating the importance of self-employment by using role models; that enabling them to bring attitude change through time.

Addressing the problem of migrants as shown in the finding, migrants are more exposed to unemployment in town.

It is better to improve rural livelihood by adopting new agricultural technology to minimize rural urban youth migration. It is essential to note the continuous migration of youth may worsen the unemployment condition in urban areas, and the social and economic costs would be high. So, identifying the assertive factors of young migrants and setting solutions is essential.
References


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World Bank (2011). Ethiopia protection of basic services phase II project.
### Descriptive Statistics

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