#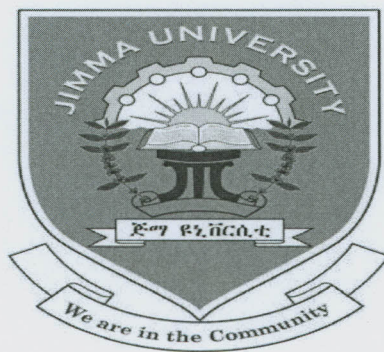 SOCIO-ECONOMIC DETERMINANTS OF YOUTHUNEMPLOYMENT IN JIMMA TOWN, JIMMA ADMINISTRATIVE ZONE, OROMIA NATIONAL REGIONAL STATE

BY

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MSc. Research Thesis

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JIMMA, Ethiopia

Socio-economic Determinants of Youth unemployment in Jimma town, Oromia National Regional State.

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Declaration

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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TABLE OF CONTENT

CHAPTER TWO; Literature Review

CHAPTER THREE; METHODOLOGY

CHAPTER FOUR; RESULTS OF THE STUDY

CHAPTER SIX

Lists of Table

Lists of figure

ACRONYMS AND ABREVIATIONS

CSA - Central Statistical Agency

DEFF - Design Effect Factor

ESDP-   Educational sector development program

EA -   Enumeration Area

GTZ - German Technical Corporation (Zusammenarbei)

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, inglobalperspectives 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 theresearchpaper.

1.1 Background of the study

Youth is definitely among the most significantintimidatingvitality and resource a country can have so as toincrease its social economic development. Moreoverthey are large in number;they are energetic, courageousand generate new ideas that can make changes to the social economic development if they are well organized andparticipated in economic activities of the country.Irrespective of suchstanding youth have been faced with manydifficulties one of them being unemployment problem. Youth unemployment is among the key problems thatfacing both developed and developing countries in the world.

The challenges of youth unemployment are moreserious to developing countries because of the high povertylevels demanding all people to work in order to ensuresurvival(ILO, 2011).As stated byinternational labor organization's statistics, worldwide youth unemployment hasincreased by 3.4 million from 2007 to 2012 and is predicted to continue growing in the future. The statistics alsoindicate that the number ofemployed youth hasdeclined by 22.9 million in 2012 as compared to 2008statisticsdespite the growth of the youth population by 12 million for the same period (ILO, 2013).

The problem ofyouth unemployment has become a threat to the social, economic and political stability in most developingcountries. 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, youthunemployment is not only of concern to the unemployed ones but also to the society and family members.

It isthe expectation of most youth people to find employment, especially after completion of their education. Failureto find employment results into demoralization, depreciation in their human capital and deterioration in theiremployment prospects which leads to social exclusion. Evidences have revealed thatyouth unemployment results in malnutrition, mental illness and loss ofself-confidence resulting in depression. Itis also associated with high stress leading to persons committing suicide and poor physical health and heartattack in later life.

Youthunemployment also brings stress to the societies and families whichafter high investment in the youth education they expect them to be employed and hence contribute to the familyand society growth. There are also cases of youth people who cannot find employments to engage in criminalactivities, drug addiction and prostitutions which take them away from normal labor markets. In Africancontinent you-thunemployment has highly contributed to most of youth to engage in crime and violence and hasfueled the highprevalence of civil conflicts in the region (Naittras, 2002).

Youth unemployment has alsocontributed to the increases in international legal and illegal migration with a notion that it will enable them toget decent employment as well as better life.Excessiveunemployment, as per the economics literature, is an indicationof the failure of the economy to utilize the available humanresource(Mankiw,2001) argues that higher unemployment is one of the mostserious macroeconomicproblems that affect a society directly andindirectly; and this is why it is a frequent topic of political debate andpoliticians often claim that their proposed policies would help create jobs.

As stated in an economic report (ECA, 2005), a spatial perspective ofAfrica's labor market outcomes witnesses higher rates of unemployment inurban areas than in rural ones.Consequently, the report added, shortages ofbasic social infrastructure and facilities such as housing, schooling, water,and health areag-gravated in the urban areas.

The Ethiopian labor market ischaracterized by a substantial differencebetween rural and urban areas. In support of this argument, (Guracello and Rosati, 2007),have suggested that openunemployment rate in rural areasis generally low although there is a high level of underemployment ordisguised unemploy-ment, and fewer chances of employment in the formalsector of the economy.

In urban areas, on the other hand, although the youthface better prospects in terms of income and em-ployment quality, finding ajob is difficult and hence unemployment, especially youth unemploymen-trate, is higher.

 Similarly, (Berhanu et.al, 2005), have argued that openunemployment, especially Urban areas are close-ly related with the modern sector,industrialization,which the country's main development strategy, Agri-cultural Development-LedIndustrialization (ADLI), is aiming attransforming to industry.

The rationale for this argument can be, according to the document, relates tothe concentration of people,infrastructure, and services in urban areaswhich are essential ingredients of modern sector development and economicactivity. Furthermore, urban areas provide essential market anddemand forrural production, and they are important sources of skills, services,innovation aninvestment 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 incomeinequality. (Guracello and Rosati, 2007)Insist that failure torespondtimely to create employment opportunities for the growing labor force,particularly for the youth, persistsintergenerational cycles of poverty,which could reinforce the already existing and not well addressed problemsof HIV/AIDS and food insecurity.

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

Major ongoingprograms of urbangovernment reform and public investments invarious sectors are among the deliberate and integrated efforts so as toaddress urban unemployment.Regardless of the reasonably improving performance of the economy overthe past six years coupled with the deliberate policy measures and efforts,however, some argue that the problem of unemployment in urban Ethiopiais still worrying.

Although there are some empirical studies conducted onurban unemployment in Ethiopia; yet most of them relied on data on orbefore 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 thestudies conducted so far might relatively be too old to show the recentchanges in the labor market.

Furthermore, the government has recently been claiming that there has beenan encouraging achievement in creating employment opportunities,particularly for the urban youth through its special programs such asUrban Housing Development program and development of micro and smallenterprises (MSEs).

Unemployment is measured using the following criteria: i) without work ii) available for work and iii) seekingwork (ILO, 1990). However, this definition varies in the context of developing and developed countries. Inthe 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 stepstaken to search work during the survey reference period.

On the other hand, in developing countries like Ethiopia, where there is no strong labour marketinformation, labourabsorption 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 fullycapture the prevailing employment situation.

In order to measure unemployment depending on the existinglabour market situations two provisions are introduced. These are partially relaxed and completely relaxeddefinition of unemployment. Thus, the completely relaxed definition which measures unemployment inrelation to" without work" and "availability for work" criterion is found to be plausible in most developingcountries.

The relaxed definition of unemployment, which best suits the Ethiopian labour market situations, includespersons 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 stepsto 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 apopulation 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 countriesare4.1 times more likely to beunemployed than adults(Schiefebei and Farrel , 1982).

According to(ILO, 2007)the Sub-Saharan Africa region has higherrate of youth unemployment18.4 percentnext to Middle East and North Africa21.3 percent.Developing countriesurban labor market situation is also differs among the sectors, worker characteristics and type of employers.A study conducted by (Fayomid, 1992)explains that urbanunemployment is more severe than ruralunemployment 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 trendcontinues youth unemployment will have substantialeffect on human capital, in addition it brings impact on theregion'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 whichcollapsed the respective regimes is due to therising of unemployment. Though, youth unemployment hasgraduallyknown as one of the seriousdevelopment challengefacing many African countries (Curtain, 2000).

In Ethiopia, the employment situation of youth isserious 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 18percent and specifically for the female25.3percent and for male 11.4percent.

5

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 youthconstituted thehighestproportion ofunemployed persons.There is high unemployment situation of youth in Ethiopia, mainly those wholive in urban areas(Berhanu et.al, 2005).

According to(Guracello and Rosati, 2007), youth in urban areas face a high rate of unemployment around20 percentbut also this unemployment rate shows increments to 23.7 percent(CSA, 2011). Urban youthsencounter more complexity in finding employment inthe formal sectors of theeconomy 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 targetsof theMDGs(Guracello and Rosati, 2007). In spite of the pressing youth employmentchallenge, youth issues were given only limited attention in the developmentpolicies 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 newstrategies to decrease the problem through promoting entrepreneurshipmainly small scale enterprise, and creating awareness for the youths tochange 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 toemployment opportunities. According to(CSA, 2011) the rate of youthunemployment inurban areas of the region was found 14.1percent in 2011. This impliesthat there is still high density of unemployed youthpopulation 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 totalpopulation of 165,222. Like other towns of the country, Jimma also manifests the problem ofyouth unemployment. The facts displayed thatyouth population is one of the segments of the town population affected by theproblem.While these general facts are clear, the specific factors affecting youth unemploymentin the town have received little research attention.

The determinants of youthunemployment in the town so far was not well assessed. In this stand, this studywill be conducted to examine demographic and socio-economic determinants ofyouthunemployment in the study area.

Consequently, the results will provideinformation for designingrelevant program and strategy to reduce the problem ofyouth unemployment in the study area.This in turn would have a far reachingimplication 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 isconducting primarily because of the high rate of youth unemployment asindicated by the realisticevidence 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 165,222in (2013/2014).

Under this circumstance where the population growth is alarming and rural urban migration is continuous due 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 beoccurred so the study also assessed the reason behind youth unemployment in the study area using different surveying data ofsocio-economic and demographicdeterminants.

1.3 GeneralObjectives

The generalobjective of this study is to examine the overall Characteristics anddeterminants thataffect youth unemployment status in urban Ethiopiawith 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 consider 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 bench mark 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 over all 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 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 be requires the consideration of large sample size.

Other additional limitation occurs 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, miss-recording data 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 referenceperiod (the previous week or Day).

Employed person: -According to the ILO definition, those people who have worked morethan one-hourduring 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, studentand those who have long-term illnesses ordisable.

Employment rate: -The fraction of the labor force that is employed, i.e. the number of employeddivided 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, andtherefore 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 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 notworked more than onehour during a short reference period (generally the previous week or day) but whoare available for and actively seeking work.

Unemployment rate: -Thefraction of the labor force that is unemployed, i.e. the number of unemployeddivided by the total labor force.

Underemployment: -Underemployed are persons who, independently of the number of hours alreadyworked 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 Unemployeddivided 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 include 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 activelylookingfor work, excluding youth who are economicallyinactive.

1.9VARIABLES IN THE STUDY

1.9.1Dependent Variable

* youth employment status (Employment or Unemployment)

1.9.2 Independent Variables
* Sex
* Age
* Marital Status
* Migration status
* Educational Level
* House hold 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 thestudy, 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 youthunemployment and broad unemployment.

Chapters three discusses 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 summery 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, theindividual must be without for a position employment, willing and able to work ,of theofficially 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, Sierraleon, 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, unpaidinternships, or educationalprograms 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 youthunemployment is undercounted.

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

Butthis definition varies in the context of developing and developed countries. Inthe 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 stepstaken to search work during the study reference period.According to (ILO, 2008) on globalemployment tendencies for youth, povertyand 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 marketinformation, labor demand is insufficient and the labor force is mainly self-employed,the normal definition with itsighlighting on search of work criteria is rather limiting and might not fully incorporate the existingemployment condition.

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

Discouraged work seekers are unemployedpersons who want a job but not taking any tangible decision to look for workbecause 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 theliterature of(O'Higgins, 1997) the challenges of unemployment is higher among the youth ascompared to the adult population in both developed and developing countries.

Problemslike 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 agebetween 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 age15 to 24 is school age where most of the youth are still gaining knowledge necessary for the labor market and also youth employment has someadvantages to both the business firm growth, community and country growth as well.

In case of youth people they lack workexperience 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 theinvestment as they can stay for longerperiod of time in the business companies rather than adultemployees(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 duringrecession period where firms need to reduce their manpower. To the country growth, youth employmentresults 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 thecountry aggregate demand.On the other hand, employed youth who receive higher salaries make saving and invest or deposit them in banks. This results increases in the pool of capital which can be made available forentrepreneurs who seek to start business or financing SMEs which boost country economic development.

According to (ILO, 1990) one country economic development is positively relatedtoemployment rates. When the employed labor is fullyutilized output can only grow byadding more workers. Since youth people take a largerpercent of thecountry's population in the World, they present the human resources availableforthe increases in the production.

2.1.1Global Perspectives ofyouth 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 youthunemployment 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 4.3percent 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 and2009, which implies the youth labor forceparticipation 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 anindicator for economic failure to utilize the available human resource(ILO, 2008).Unemployment has social as well as economicconsequence 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 hope less, as a result when they are un abele 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 and40 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 peopleunemployed. 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 49percentover 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 20percent 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 historyrelative to the adult population according to (CSA, 2001)estates, more than 50percent 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 85percent) live in developing countries, withapproximately 60percent in Asia, 23 percent in Africa, Latin America and the Caribbean, and thenumber of youth living in developing countries will grow to 89.5 percent by 2025.

The well understood general labor market feature of unemployed youth isextensively higher thanunemployed 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 (40percent) of the world's totalunemployed(ILO, 2008).In 2009 the global youth unemployment rate was 13.4percent and the adult unemployment rate was 5percent.

Youths are less skilled when compared with adults this creates an obstacle to access work with less experiencethan 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 14percent 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 28.3percent out of the totalpopulation 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 is15-29 (FDRE National YouthPolicy).The percentage of working population in Ethiopia i.e.15-64 account for 51.9percent of the totalpopulation whereas the youth account for28.3percent of the total population(CSA, 2007).TheEthiopian unemployment is the result of Poverty and youths are affected by thisunemployment.

Urban unemployment rate is reported as 18.9percent 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 37.5percent and 7.2percentrespectively. The data from 1994-2000 shows that the youth unemployment hasincreased with more than 50percent 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 MDGsthrough identifying the factors that delayed the young people in gettingemployment. In the same manner,(World Bank, 2011)noted thathelping youth to realize their fullpotential by gaining access to employment is a precondition for povertyminimization, 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 youthunemployment 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 wasestimated about 21.2percent, having 14.1percent of males and 26.5percent of females in 2005 (CSA, 2006).Urban unemployment rate of the region was estimated to 14.1percent having 8.3percent of male and 21.0percent 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 thebuilding of a democratic system and good governance as well assustainableeconomic growth,social and cultural activities in an organized manner and to enable them to fairlybenefit from the results"(MOY, 2004).

15
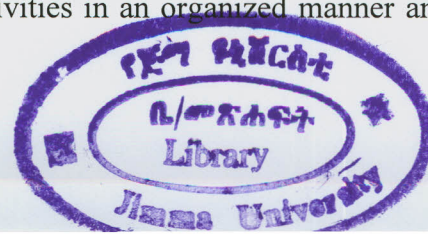
2.1.3 Population and its Dynamics

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

From the total population of the country about 84percent of the population still resides in rural areas and agriculture being the major source oflivelihood(CSA, 2007).Although the rate of population growth has been on a declining trend over thelast three decades (3 percent per annum in the 1980s, 2.73 percent up until the early1990s and 2.6 percent from themid-1990s up to 2007).But this declining trend does not continue, in 2013 populationgrowth israised to 2.9 percent and totalpopulation is estimated to 91,195,672which makes the second populous country inAfrica next to Nigeria and 14[th]populous country in the world(World Bank, 2013).

Ethiopia's population growth isstill considered to be high given its size and demographicprofile.Ethiopia's population ispredominantly young with about 45percent of the population beingbelow 15 years of age and theproportion of working age population (15-64 years) wasestimated at about 52percent. Thedependency ratio (number of dependents per 100 working age population)was estimated at 93 by the end of 2007, youth and senior citizens dependency being 87and 6, respectively(CSA, 2008).

High dependencyratio brings high pressure on publicservices, high level of unemployment, low per capita income, and low level of domesticsaving and asset accumulation with serious implication onpoverty incidence. This hasalso serious implication on natural resources degradation with far reaching consequenceon sustainable development.

2.1.4Theoretical Survey of Empirical Literature on Unemployment

The existingworldunemployment challenge presents mainlydifficult labour marketexperience for young workers. The ILO estimatesnearly 40percent of all unemployed people are young. As existingknowledge point out, young people are deprived in gettingemployment, especially in inflexible labour markets.

There are several factors,such as their relative lack of skills, unstable labour market experience anddiscrimination, which contribute to the difficulty usually faced by youngpeople entering the labour market.There are numbers of studies that areundergone thatassociated with the different features of the labormarket all over the world.

On the other hand, an effort is made to analyze only few of them that are assumed to be morerelatedfor this study focusing mainly on the supply and demand factors of the labor market.Ethiopia is the second populous country inAfrica next to Nigeria.

Ethiopia stood 9th in terms of geographic area in the whole ofAfrica witha land area of 1.1 million $km^2$and a population of about 73.9 million50.46percent male and 49.54percent female(CSA, 2008)According to(CSA, 2007) about 84percentof thepopulation still resides in rural areas agriculture being the major source oflivelihood.

Although the rate of population growth has been on a declining trend over thelast three decades 3 percent per annum in the 1980s, 2.73 percent up until the early1990s and 2.6percent from themid-1990s up to 2007 Ethiopia's population growth isstill considered to be high given its size and demographicprofile.

Ethiopia's population ispredominantly young with about 45percent of the population beingunder15 years of age. According to the from the(CSA, 2007)results, the proportion of working agepopulation 15-64 years was estimated at about 52percent. (Banerjee, 2007) attempted to study the reasonsbehind the sustained increasedunemployment in South Africa since the transition in 1994.

 They employed a multinomial logit approach to see the factors thatdetermine the unemploymentstatus of workers controlling for gender, age, education, marital status,families 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 tobe unemployed or in the informalsector than the other population groups, and less likely to be in the formal sector. With regard to education, thosewith greaterthan secondary education are 11 percentpoints less likely to beunemployed and 8 percentpoints 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 areworkers who have worked before.When we come to Ethiopia, some studies which were done by(Guarcelo , Rosati, Berhanu, Getnet, Serneels 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 inparticular.

The findings from their studyreveals 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 theseoutcomes 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 inemployment is 14percent, 22percent lower than that of a boy; but this gender bias in employment is lower for the lesseducated and for the mosteducated youth. The level ofincome as estimated by the expenditure dummy variables is significant for those who have lesseducational level youth and the probability of employment decreases as the level of educationincreases.Furthermore, the local labor market conditionis momentous for all groups considered.

Anincrease of 10percent pointsin the adult employment ratio creates an increase in the probability of findingemployment by 10–25 percent points. This effect is stronger for youth that neverattended school and smaller for the other groups. (Serneels, 2007) examined the effects of individual characteristics on urban youth unemployment in Ethiopia using a probit model.He reached on the point that there isapositive association between age andunemployment, implying that therelatively older young men are more likely to be unemployed.

Education,especially junior and senior secondary level, has a positive effect onunemployment although tertiary education is insignificant indicating thathaving a university degree could no longer guaranteeemployment. Besides,ethnic origin has no significant influence while the families' education hasa strong effect on the probability of urban youth unemployment.Also in hisdescriptive analysis, Serneelsreported that in 1994 urban Ethiopia has one that has more density ofunemployment rates in the world standing at34 percent of themale 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 urbanunemployment for the 15 – 29 age group to be in excess of 50per cent.Furthermore, (Getenet, 2003)focusing on urban youth unemployment,reported that the unemployment rate between 1994 and 2000 has gone upfor the teenage youth group while it has decreased for the adult youthgroup. Using multinomial logit, he analyzed the effects of some sociodemographicvariables 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 indeveloping countries in general and Africa in particular.This makes it difficult to assess thescope of the problem and trends associated with youth unemployment.

Nonetheless,existing estimates indicate that in Sub-Saharan Africa, urban unemployment affectsbetween 15 to 20 percent of the work force (ILO, 1999). According to these estimates,young peoplecomprise 40 to75 percent of the total number of the unemployed.Urban unemployment in Africa has affected youth from a broad spectrum ofsocio-economicgroups, both the well and less well educated, although it has particularlystricken a substantial fraction of youth from low-income backgrounds and limitededucation.

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

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

Several World Bank, IMF, UNDP andUNICEF reports show that over 40 percent of the population of SSA is living inabsolute poverty or on purchasing power parity (PPP) of less than US$1 per day. Theimplementation of economic reform programs has in some cases also worsened thesituation of people through closure of companies, civil service reforms and retrenchmentof workers. Detailed information on the situation of youth in Africa is notavailable.

But in thecontext of a high and growing incidence of poverty and the documentedadverse socialimpact of economic restructuring, there is increasing concern that large sections of youngpeople 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 is a need not only to examines 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 advancedeconomies 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 50percent of the youth labor force.

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

Youth issues have recently gained worldwideattention, as the United Nations has set theimprovement of the youth employment situation as one of thetargets of the Millennium Development Goals (MDG's). One of the MDG's aims is developing andimplementing strategies that ensuredecent and productive work for youth. The youth unemployment rateserves as an indicator of the success of the strategies applied for job creation. InEthiopia, the rate was11.9 per cent in 1999, with a ratio of 1.9 to the adult unemployment rate.

Moreover, even within the groupof employed, there is large extent of underemployment. Theinternational commitment also necessitates adetailedassessment of the situation of youth in Ethiopia so that appropriate policy inputs can beformulated.This paper will be designed to describe and analyses 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 highereducation- 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 determinantsseveral 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)predictsa 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 challenge to economic and social development in many developing and developed countries (GTZ, 2010).

Analysis of the factors associated with youth unemployment indicated that thesocial anddemographic characteristics of individuals such as educational level,work experience, lack of employable skills, sex, migration, attitudes of youthtowards 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, asindicated in the(World Bank, 2011), data base the general unemployment rate (percent of the totallabor force) stood at 20.5percent in Ethiopia,23.5percent in south Africa, 4.3percent in China, 5percent 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 labormarket opportunities and setbacks over the course of their working lives.

The recent economic crisis has had adisproportionate 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 largestone-year increase on record. In the ten years from 1998 and 2008, youthunemploymentincreased by a total of 0.2 percent or about 100,000 persons per year; but from 2008 to 2009 it increased by 5.3percent, 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 from53.8 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 2010,75percent 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 county 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 anaverage annual GDP growth rate of 8.4percent and the third with a forecast of 8.1percent 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(aspercent of the total labor force) was 20.5 percent in 2009. It was higher for females (aspercent of females labor force) at 29.9 percentcompared to males which stood at 12.1percent(World Bank, 2011).

2.1.5Types of Unemployment

2.1.5.1 Cyclical unemployment

Recurrent unemployment occurring at particular phases of the business cycle, starting with thedownturn from a boom. This unemployment is caused by a deficiency of aggregate demand andis 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 thestructure of unemployment, usually brought about by technological change. UnemployedPersons have different skills from those being demanded by employers or are located in adifferent place from a potential employer.

2.1.5.3 Frictional unemployment

Short-period unemployment brought about by workers changing jobs. This minimum level ofunemployment, which coexists with job vacancies, occurs even when an economy is at fullemployment and is a feature of all types of national economy. Labour market policies canreduce this type of unemployment by making job information more available and accurate andby 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 forgoneearnings plus the cost of education set against expectationsof future or higher earnings and economic productivity,respectively. At the other extreme, the termhuman capitalis often as usedmerely as popularshorthand for education in general,narrow meaning: it refers to the opportunity cost ofhuman capital is a key factor in determining whether economic growth is sustainable or not.

Thus, having access toconducivecondition for labor supplyis a key rolefor success. The combination of knowledge and skill that make the worker more productive is incorporated in human capital. Supply of propereducation and training which fills skill gap will lead to the development of a more educated work force. Those who do not educatedwith the necessary professionhave been exposed to higher unemployment rates.

Those equipped with the proper educational levelpaid highwages, which in turn leadto increased spending and saving, leading to growth and development.In relation to the youth labor market, indeveloping countries, the human capital theory (Becker, 1962) is probably the onewith some relevance. The human capital theory explanation of high level of youthunemployment could be that the youth embodies less human capital, specific orotherwise, and, asa result, is likely to be at the end of the job queue.

This seems toprovide a good account of the situation in developing countries such as Ethiopiawhere majority of the youth hardly gets a job. However, the fact that there are not thatmany jobs forthcoming is the most important reason behind the high levels ofunemployment in these countries. The skills get in line and the position of the youththerein does have some relevance, but only when there are reasonable number of jobsto stand in line for.

Even if one happily sticks to this explanation, the commonly sought intervention thatfollows involves improving the position of the youth through variousprograms such as youth training/retraining are interesting. An intervention of this kind, theargument goes, improves the human capital of the youth.In the current situation of globalization, competitive and rapidly changing economy the skills and knowledge of youngpeople 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 businessadministration, sales and marketing, and so on not to be underestimated.In particular theteaching of entrepreneurial skills and attributes andbehaviors is often not properly integratedinto 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 toeducation develops skills that areappropriate to working in the public sector or large organizations and companies are notthe key skills needed to start anentrepreneurial career.Loweducation and skills levels will lead to a skills mismatch, renderingschool-to-worktransitions for young people more difficult.Thus,education plays an important role in determining theemployment status of anindividual.

2.1.7Social Capital Theory

The necessity of social capital begins in the work ofthe James Coleman, Francis Fukuyama, RobertPutnam, and Pierre Bourdieu; 2011 as cited by(Aslefew, 2011). Whereas these four scholars varyin disciplinary base and emphasis, they contribute to a focus onfeature of social relations, namely, values, norms, andnetworksor social capitaland the role they play insocial 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 orpolitical engagement. Social capital is concerned with specific types of social bonds that sustain asense of connection among individuals. Popular anxieties about a loss of community have entered social scientificdiscourse through the concept of social capital.This theory advanceson the necessities of the social relationwhich help asthe meanstofinda job.

(Granovetter, 1973)noted that a close relation or socialnetworks within the people are regular,expressivelyconcentratedassociation 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 missjob opportunities in some degree, in addition poor social relation leads tofriendless 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 socialrelations. The consensual perspective tends to regard social networks as equallyavailable to all. In the conflict perspective, allsocial groups have networks, but not all networksprovide equal access to resources. Sociallybounded and stratified networks reproduce thoseunequal 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 ascited by (Aslefew, 2011).A mismatch between the skill sets of the unemployed and the needs ofemployers isthe main reason behind structural unemployment. Themismatch comes about because the unemployed are unwilling or unable to change skills or tomove to a location where their skills are in demand. As a result, it becomes very costly to matchworkers with jobs and unemployment is often prolonged.

For example,businesses in a certain area may require young people with advancedinformation technology skills. Ayoung person living in this area but without these skills will have difficulty finding a job his/herskills are not matched to the demand.Down a similar line of reasoning, a young person with therequired skills set but living in an area where these are not in demand because employers arelooking for agricultural workers, will have an equallydifficult time finding work or may becomeunderemployed.

An important trend in labor markets in more developed economies, influenced to a large extent byglobalization, has been a steady shift in demand away from the less skilled toward the moreskilled.This is the case however skills are defined, whether in terms of education,experienceor job classification.

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

Skills mismatches are generally caused by two factors. Firstly, at a general level, the schoolcurriculum 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 andexperience, yet it is probably the most powerful way of learning entrepreneurship.Moreoverteachers and university professors often have only limited experience in, andunderstanding of,small businesses and self-employment.

So they are not adequately trained or educated to teachentrepreneurial skills young peopleSecondly, the absence, or inaccuracy, of Labour Market Information (LMI), i.e. information onwhat skills are in demand and where jobs are, will lead to many young people making a choiceof 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 tonavigate and a young person may not know how to write a Curriculum Vitae (CV) or how topresent oneself in a positive light in recruitment interviews. Adults, on the other hand, mighthave the possibility of finding work through references from previous employers or colleaguesand are more likely to know the rightpeople.

The decision toapply for it depends on theexpected value of getting a job or not lastly, he/sheaccepts the offer of any job for which he/she applied in getting it. The success ofindividual's application depends on his/her personal characteristics. Thus, theyconcluded that individual factors and the degree of competition from other jobseekers could affect the chance of finding aproductive job.

2.2.Factors of Youth Unemployment

Challenge of youth unemployment is the result socio-economic and demographicfactors at micro and macro level of the economy(Aslefew, 2011). The growth performance since1991 has been inspiring withaverage real GDP growth of 3.7% (Geda, 2002). During his study of unemployment thatfocuses on young men,(Serneels, 2001)also noted that the magnitude of the unemployment challenges that the youth faces.

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

(Krishnan, 2001),characterize this self-employment and private sector has no enoughcapacity toabsorb such huge number of unemployment since it had experienced in the pre-1991 period although(Degefe, 2002), point to the fact that the post-1991economic growth primarily camed from the agricultural sector which is not strongly associated withurban sector.In case this study will be emphasized onassessingindividuals demographic and socioeconomic features that hindersyouth employment. These are broadlyclassified as demographic and socioeconomicfactors 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 areasof Ethiopia, the national population policy paper point's rural-urban migration andmigration among cities and towns as the determinants behind the socialdifficulties 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 populationin urbanareas,specifically in Addis Ababa, thereby pointing out its impact inexplainingurban unemployment.

Rural-urbanmigration is another feature of explaining urban unemployment in Ethiopia.With regard to migration status, outof the total working-age population, in 1999 about 8.8 percent and in 2005 about8.3 percent of them were recently migrated who lived less than five years, ofwhich most of them have rural origin. Perhaps, such proportion of migrantsin the city labor market may seem understated as compared to theseemingly large number of migrantsflooding to the metropolis.

27

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 foremployment 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 ofexcessively high level of youth unemployment in urban areas. In 2005,79percent of Ethiopian women between the ages of 15and 29 were participating in the labor force whereas 86 percent of Ethiopian men between theages of 15 and 29 were participating in the labor force. For men, this was a slight decrease from87 percentparticipation in 1999 whereas for women this was an increase from75 percent1999.

2.2.1.2 Sex

Gender is one of the important factors responsible for variations in the position ofindividuals 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 youthunemployment 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 andunemployment rates of youth.

Male youth had an employment to population ratio of 83 percent and an unemployment rate of4percent, compared to the employment to population ratio for female youth of 71 percent and anunemployment rate of 11percent. The difference in labor market outcomes for men and women is not uniqueto Ethiopia. In general, men have more employment opportunities than women.

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

In 1999, 56 percent of allemployed male youth were not satisfied with the amount of hours they worked. In 2005, the sharefell to 30 percent.For urban male youth, labor force participation rates have fallen; a product ofincreased education participation as Ethiopian youth is delaying entering the labor market toacquire more skills.

28

There have not been significant decreases in employment to population ratios,however, unemployment has fallen significantly.Employed urban male youth have also declinestheirinvolvement in the informal sector. In 2011, 29 percent of urban male youth were employedin theinformal sector, a 22 percent point decrease from 1999's level.Thesepositive trends have also been observed for female youth. Unfortunately, theextreme differencesbetween female and male outcomes are even more obvious when we observe rural andurban 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 1percent.In urban areas female youth are more affected by unemployment than males in 2011 the rate of unemployment forfemale was 30percentbut the average unemployment rate for urban areas was estimated to 18percent.

Around 41percent 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-termunemployment than males.

2.3 Socio-Economic Factors of Youth Unemployment

2.3.1 House hold income

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

Youth employment indeveloping 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 alleviatepoverty 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 thecause of youth unemployment.(ILO, 2004)noted that unemploymentrates among young people have a tendency to decline as household income rises.Youths those who haveeducated and better life status familyhad have good chance of finding employment sincetheir family tends to invest more in the education of their children's.

Similarly,aresearch carried out by (Anh et .al, Rees and Gray, 2005/ 1992),pointedoutthatfamilyincome uses assignificant. On the otherside, they explained that youth who reside in low income earning family are lessemployed in thelabormarket.Likewise,(Morris, 2006)showed that the significant effects of familyeconomic status,paternal occupation, education and parental divorce are notablein affecting theemployment status of youth.

Additionally he pointed out that a better incomeearning household had some chances, i.e. higher income can enableyouth to have greater access to education, information and social networkthis couldmake easy access to employment opportunities existing in the market. Also(ILO, 2010),noted that young people who live in low income household havehigher probability of beingunemployed than adults ofbeing among the workingpoor when in the labor market. It also specified an estimated 152 million young people wereliving in poorhouseholds (with per-capita expenditure below US$1.25 a day) in 2008, wereunemployed.

By elaborating this point, a study conducted by(Echebiri, 2005)describes that unemployment hasaffected youths from a broad spectrum ofsocioeconomic groups, both the well and less educated, although it hasparticularly suffering a substantial fraction of youths from low incomebackgrounds. Youth employmentminimizes the social costs within the societies, reduces violence, criminal activities, drugaddiction 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, developmentpartners, 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 islikely to create more jobs due to outputincreases which require additional labor force.According to (ILO, 2006)well-designed labor market regulations in the country are veryimportant 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 gapbetween the youth and the labor market which enhanced the difficulty of youth unemployment(McLean, 2011). According to(ILO, 2011)youth unemployment isassociatedwith low school leaving age andmicroeconomicas well as business situation.

When the least age at which a person is legallyacceptable to completecompulsory 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 businessenvironment does not support the easy startup of business makesa high contribution to the youthunemployment.

Society and families invest a lot funds in youth education, hoping that they will become productive aftercompletion 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 aspremature school leaving age, low quality of education and business cycle were the majordeterminants of youth unemployment.

On top of that thestudy alsoconcludesthat social network andstatus in addition family background have too muchinfluence on youth unemployment.If parents or one of the parents areunemployed, 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 theystated that the higher the parents are educated, the less number of firmsvisited, 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 studyspecified that most of the youth people were embarrassed with limitededucation, lack of experience andskills that did not help them tobreak through in the labor market and progress their human capital .Anindication by (UNICEF , 2005)explained that in most of the developing countries youth people are not completing secondary education or othervocational training.

As a result most of them are marginalized so theyparticipate 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 foreconomic 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 acountry.

31

Education raises the output and competence of people by raising the levelof cognitive supply ofeconomically active human potential which is a productof natural abilities and investment in humanbeings. He added thateducation increases job opportunitylabor market, allowspeople to obtainfinancial and non-financial returns and gives them opportunitiesfor job access, and leads to greaterproductivity for the community and improvethe 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 48.3percent have had previous work experience. Among those unemployed persons whohad prior work experience, females are slightly higher than males, whereas male unemployed are moredominant than females among those in first time job seekers.

In addition 61.2 percentof the unemployed persons are jobless for less than 13 months. Unemployed persons who stay without jobsfor 96 months and above account 13.8 percent, and those who stay for 13-24 months and 25 - 95 monthsaccounts and 12.5 percent, each.Employers often look for more than educationalqualifications to ascertain that a young personwill perform well.As(ILO, 2004)explainsinexperienced youth have less chances offindingjob in the modern sectors of the economy.

Besides of that young people those areskilled and more experienced, are too demandedby different organizations, and have high chances of getting employment opportunity.In another way a researchconducted by (Foot , 1986)revealthat because of lack of workexperience and other personal thoughts, youth unemployment rate comes to be high as citedby(Aslefew, 2011).(Anh and Hassen, 2005), also point out that in addition to lack of workexperience, back ward attitude to toward work practice, irregularity, and lack of commitment to the job lead tothe segmentation of young workers.

In addition they remarked that employers are usuallydoubtful to employ young people who have little or no practical work experience sincethe expenses to retrain or to fill the skill gap of young workers are often too expensive. As aresult, youths are distress from the lack the work experience, so thatinexperienced young peoplewasteso 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 educatedyouth prefer wage jobs in the formal sectors rather than self-employment or creating their own jobs to win the life struggle. Similarly, (ILO, 1999)alsoexplained that instead of creating their own jobs, theyouths attitude is waiting for thegovernment to find employment for them, as a result when the government is unable to do so, most youths remainedunemployed in Tanzania.

32

A study conducted by (Echebiri, 2005)in Nigeria found that most unemployed young preferred employment in the well-organized private sector.They prefer towork in banks, oil companies, manufacturing companies, major marketingcompanies, and so on.While a large percentage of youth also preferred to work inthegovernmental sectors.

Similarly, another study carried out by (Adenikinju,Oyeranti, 2004)revealedthat instead of actively seeking a job in the private sector or starting abusiness 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 asopposed to agricultural and manual work. Moreover, they state that one of thereasons for wrong kinds of attitudes towards jobs is theinadequacy and excessivelyacademic orientation of the educational systems of the country, and the result isstill visible in the current situation. Therefore, job preference could be seen as afactor for youth unemployment.

2.3.5 Social Networks

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

In case where social networks are as critical as qualifications, young urbanmigrants face a great challenge to survive with weak social networks (Lange and Martin , 1993).Progressively; the informalsector providesemployment to young educatedpeople, 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 youngunemployed migrants is due partly to the combined effects of the lack of social networksand insufficient job opportunities.Putnam's interest in social capital developed out ofhis longitudinal study of regionalgovernment in Italy.He argued that the success of social institutions dependson social capital, which he defined as social norms oftrust and reciprocity, networks, and civicengagement.Thus regions with many social networks, whether sportsclubs or political parties, tended to have more successfulinstitutions and better social outcomes.

33

2.3.6 Trends of Youth Unemployment Rate in Urban Ethiopia

According to (USAID , 2006), many poor countries have dualistic labormarkets, in which a small fraction of workers have regular formal sectorjobs; while a majority, especially women, work in theinformalsector. Likemany sub Saharan Africa countries, employment in Ethiopia is alsocharacterized by a heavily segmented labor market situation.

As (EEA, 2007) reported, it can be divided among different segments, with aconsiderable difference between formal and in formal employment, privateand public employment, wage and self-employment, urban and ruralemployment, and so on.(Guracello and Rosati, 2007).Although the subsistence agriculture is estimatedto absorb more than 80 per cent of the total labor force, a significantproportion is argued to be underemployed. Furthermore, a substantialproportion of the population in urban areas, regardless of the higherunemployment and underemployment, is involved in the informal sector ofthe economy.

As a result, they added, the overall open unemployment ratereported at a national level is often lower, and may imply a fairlyoverestimated employment-to-population ratio.In fact, the official unemployment rate is sometimes criticized foroverestimating effective labor utilization.(Ghai, 2003)has argued thatthe official unemployment rates, particularly in low-incomecountries, cangive a seriously misleading picture of work opportunities. According tohim, unlike the situation in rich countries, in most developing countries theunemployment rates are generally low; mainly because people in poorcountries cannot afford to stay unemployed.

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

Nevertheless, employment-to-population ratios and povertyindicators can both be high because people must work to survive, regardless of the quality of their job. This is the case in sub-SaharanAfrica, which has the second highest adult employment-to-populationratio among all regions (about 74 percent), but the lowest levels of laborproductivity. More than half of those employed in this region wereamong the extreme working poor, and more than three quarters ofworkers were engaged in vulnerable employment(UN, 2009).

34

(Ghai, 2003)further insisted that in most low incomecountries, evenif the labor force participation rates are high and the unemployment rateslow, earnings areinadequate to support a minimum standard of living. Hetherefore argued that the proportion of the working population earningincomes below the poverty line could be a better indicator of employmentopportunities relative to the aforementioned usual measures.

2.3.7Conceptual 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.
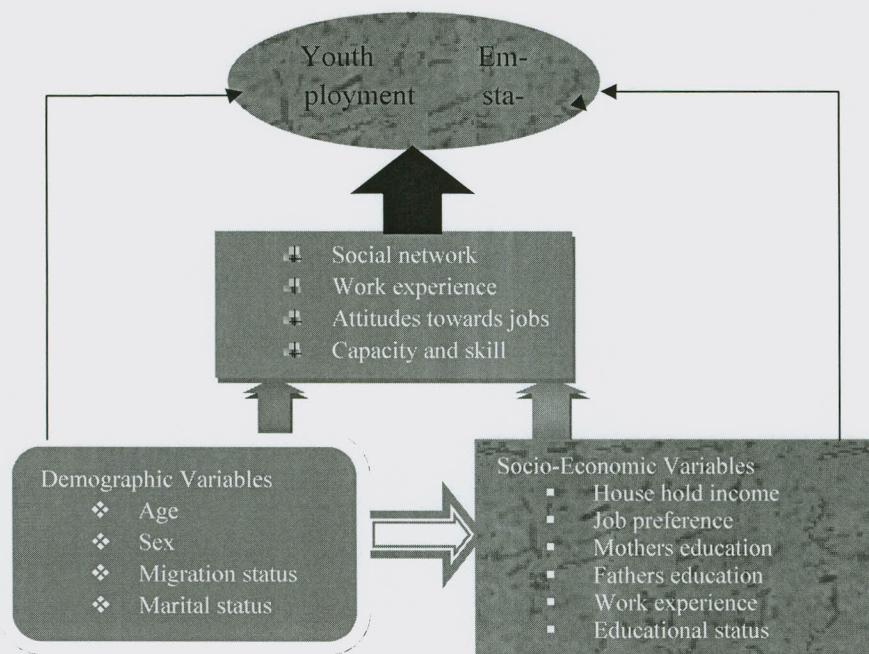
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CHAPTER THRER
METHODOLOGY

3.Introduction

The chapter covers methodologies applied in implementing the objectives set for this specific paperusing primary data. This chapter is organized as follows; brief background on the study area and data collection procedures, sampledesign, 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 KaffaProvince until the province was dissolved.Based on figures from theCentral 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, thereare fourgovernment 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 andto deliver service for the community in the nearby themunicipality divides the town in to seventeen kabale's under seven clusters. As the reportfrom Micro and small scale enterprise agency of the town showsunemployed youths in the town areco-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 pity 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 andquestionnaires.The questionnaires would have designed and formulated tocollect information aboutsocio-economic and demographic determinants of youthunemployment from sampled youth.It was carried out to together information in order to verify thefindings obtained throughpersonal interview.In addition, secondary data wasobtainedfrom records of administrative offices; line sectoral office, publications, journals, books and other sources related to this study will alsouse 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 thewillingness and ethical values of the respondents by considering norms and culture of the study area.Orientation that has beengiven to the supervisor wason how to manage and supervise the data that would becollected and systems ofidentifying mistakes and gave correction to the enumerators on spot.

It hasalso given attention onhow 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 useda cross-sectional study design and largely used primary data obtained through conducting householdsurvey. The target populations have beenincorporatedyouth aged 15-29 years those live inJimma town.

3.1.3 Sample Design and Procedures

Multi-stage sampling designs were engaged in order to choose respondents wholive in the study areaduring the reference period.

Stage 1: The primary sampling units were kebeles. A number of kebeleswere selected from theclusters that were organized out of the seventeenkebeles in the town using simplerandom sampling techniques.

Stage 2: The secondary sampling units wereenumeration areas. Enumerationareasselected using simplerandom sampling techniques.The study kebeles and enumeration areas were selectedfrom the 2007population and Housing Census list prepared by CSA.

Stage 3: Using fresh list of households in each enumeration areas as a samplingframe, samples were selected using systematic random sampling techniques forthe study. To undertake the focus group discussions, participants were selected on the basisof the characteristics they have in responding the topic under investigation fromthe 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 usesprimary data;the data were taken entirelyfrom the Survey conducted inJimma town by the individual data collector.In addition secondary data were also used that taken from line sectorof theadministrative office of the town. The Surveyed data were unique in that it providescomprehensive youthunemployment data representing urbanareas of all kebeles of the town.

The Labor Force Survey was mainly aimedat providing information on the economic characteristics of the populationaged 15- 29 years. The two local surveys produced cross-sectionaldata on the activity status, employment, and unemployment situation aswell as fairly detailed socio-demographicinformation.The surveys encompass age groups, only those in the conventional young age population areconsidered.

Hence from now on, throughout this paper, the working-agepopulation refers to those in the sample whose age is between 15 and 29 years, inclusive.Accordingly, for the descriptive statistics only451individuals in 2014were considered. In the same way, inthe regression analysis, 451 individuals in 2014, which were economically active (in the labor force) and net of missingvalues, wasincluded.

3.1.5 Method of Data Analysis and Specification of the Model

The appropriate data were analyzed using two approaches. First, simpledescriptivestatisticalanalysis wasemployed to evaluate the activity statusof the targeted population and the local labor market outcomes byinteracting them with various socio-demographicvariables. In doing so,frequency distributions, cross-tabulations and ratios and /or percentagesare extensively used.

Secondly, to balance the descriptivestatisticsand test the effects of socio-demographic characteristics on theprobability of being unemployed, the Logit model was also employed.As many econometric and related literaturerecommended, to specify theassociation betweena qualitative (dichotomous) dependent variable and aset of relevant explanatory variables, binary outcomes models arerecommended to be appropriate(Wooldridge, 2002).

The classic andbroadly used binary outcome models are the Logit models.They specify different functional forms; and particularly, they differ in thespecification of the distribution of the error term (Cameron ,Trivedi , 2005).On the basis of the reviewed literature, it wasassumed that the unemploymentstatus of an individual (the probability of being unemployed) issignificantlyinfluenced by a number of socio-demographic variables.

With this priorhypothesis, an attempt was made to summarize theexplanatory variables to beincluded in the model and their expected functional relation with thedependentvariable.Aninterview schedule wasthe main tool of data collection while descriptivestatistics andlogistic regression analysis were the main analytical techniques.

Data wereanalyzed using the Statistical Package for Social Sciences (SPSS)and thechi-square test while-frequency, percentages and means were utilized todiscuss the research findings.The possible determi-nants of youth unemployment will beinvestigated after the research will be undergo

.The main variable ofinterest is unemployment, a latent variable,where the individual may be classified aseither employed orunemployed.At the multivariate analysis, since the dependent variable isdichotom-ous, binary logistic regression model was alsofitted. For the analysis of such data Logistic regression was applicable to examine therelationshipbetween youth unemployment and a set ofpredictor variables.

Generally the logistic regression model explainedis in the following way:-

$$\log \frac{(P(i)}{1 - P(i)} = \ln(odds) = \beta 0 + \beta 1 X1 + \beta 2 X2 + \beta 3 X3 + \beta 4 X4 + \cdots + \beta n Xn$$

The corresponding multiplicative model for the odds is:-

$$\frac{P(i)}{1 - P(i)} = exp\ \beta 0 + \beta 1 X1 + \beta 2 X2 + \beta 3 X3 + \beta 4 X4 + \cdots \ldots \ldots \ldots + \beta n Xn$$

Where, P (i)   - is the probability that ith respondent is unemployed and

(1-P(i)) -   is theprobability that the ith respondent is employed at the time of the survey,

β_i's-arethe regression coefficients and

X_i's -are the set of independent variables.

 Fromthe β_i's the odds ratio is estimated as exp (β).

The odds ratio is the factor by whichthe odds of unemployed change per unit change in the ithindepen-dent variables,controlling the effects of other variables.

3.1.6 Sample size Determination

In order to determine the sample size required for the studywe usedthe formula proposed by(Kothari, 1990).

That is,

$n = \dfrac{p\,q\,(Z\alpha/2)}{\varepsilon^2}$ where, n is sample size

P-is the proportion of youth, those unemployed,

q-is the proportion of youth, those employed,

ε- is marginal error, ε = 5% is accepted.

Zα/2 = Confidence interval of at 95% is assumed (Zα/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 ofunemployed youth in20012 was 17.5%.

- The sample size was estimated,

$n = \dfrac{(0.175)\,(0.825)\,(1.96)^2}{(0.05)^2} = 221$

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 calculatedsample size would be adjusted by design effect factor (DEF); which is the ratio ofactual variance under the sampling method actually used to the variance computedunder the (Ariawan, 2005)

For the sake of this study,DEF_2preferred .

Therefore, n adjusted = 200 ×DEFF, = 221 x 2 = 44

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

442x 5% = 22.

The total sample size of the study would be,

442 +22 = **464**

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

na = Na x n/ NWhere

na:- is sample size allocated for enumeration area "a",

 Na:- is thenumber 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

Jimma town

| Cluster 1 | Cluster 2 | Cluster 3 | Cluster 4 | Cluster 5 | Cluster 6 | Cluster 7 |

| BosaKito, Bosa Adds ketama | HermataMerkato, HermataMentina | Ginjo, Jiren, HaroGibe | Setosemero, Menderakochi | Becho bore, Kofe, Bore | Mentina, Hermata | Hawetumendera, Ginjoguduru |

| BosaKito | HermataMerkato | Ginjo | Menderakochi | Becho bore | Mentina | HawetuMendera |

| SEA-01 HH-231 SS- EY-...6 | SEA -03 HH-284 SS- 33 EY- 162 | SEA -02 HH-203 SS- 20 EY- 164 | SEA -04 HH-252 SS- 44 EY- 182 | SEA -05 HH-237 SS- 30 EY- 159 | SEA -07 HH-311 SS- 34 EY- 178 | SEA -06 HH-326 SS- 40 EY- 190 | SEA -08 HH-241 SS- 24 EY- 172 | SEA -09 HH-310 SS- 42 EY- 196 | SEA -10 HH-231 SS- 22 EY- 189 | SEA -11 HH-311 SS- 34 EY- 17 | SEA -13 HH-247 SS- 37 EY- 168 | SEA -12 HH-314 SS- 25 EY- 188 | SEA -14 HH-270 SS- 41 EY- 196 |

SEA- Special Enumeration Area **HH**-Households **SS**- Sample selected **EY**- Eligible youth

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 sizeplanned tocover 97.2 percent were covered effectively in this study paper. The questionnaires which wereprepared for the survey of data weredistributed for 451 youths in the 14 enumerationsareas. Data from thirteen respondents were not gathered because of different reasons like changing place of residence.

3.1.8 Measurement Tools

The prepared questionnaires wereincludedstructured questions, that helps to gatherthe information of both demographic and socio economic characteristics of therespondents. Initially the questionnaires wereprepared in English,but for the sake of easilyunderstanding by the enumerators and respondentsitwas translated in to Afan Oromo.The Afan Oromo versionquestionnaires werecheckedinon pilot   survey inMendera Kochikebele of the town.

Depending on the pilot testundergone 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 havehad experience in data collection in the desired way and participated in different surveys of data. Theresearcher has beengiven orientation for three hours to create clarity on the whole objective and goal of the study as well as the norm and how to threats 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 youthunemployment. 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 wasmade manually. In ordered to reduce errors that may occur at the time of data entry some statistical techniques like census and survey processing system were utilized. Thecensus 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 dataand 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 toexplain demographicdeterminants 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 /dependentvariable 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 wereused to analyze the association betweendependent variableand 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 editing therecord and discussion notes. The ideas wererecognizedaligned with the reaction to the main questionspreparedearlier 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 regression analysis if the respondent was unemployed it was coded as 1 otherwise 0 if he/she was employed 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 status. As the curriculum of education system of the country reveals, in this study the respondents wereclassified 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 education).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 accessibilityin 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 worldmainly at house level incomes were classified in eitherto incash and inkind this income might begotten onregular or irregular basis, but for this study purpose the income that a house hold earnedwas on monthly basis and itincludesgovernmental and non-governmental paid employment, allowance, self-employment, pension and rents from plant asset.

In this regard house hold income is alsotaken as a variable that affects employment status of the respondents. It was classified in tofour groups(1) $\leq$ 450, (2) 451-850, (3) 851-1449 and (4) $\geq$ 1450 birr. For this study the reference category was$\geq$ 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 accessibilityjobs 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 havingrelation with people to communicate each other.

Social network density can also affect the employment statusof the respondents; it was regarded in the model being classified as (1) no social networks, (2) socialnetwork less than 10 and, (3) socialnetworks 10 and above. For the analysis social network 10 and abovewas taken in the model asreference categoryuse.

3.3.2.7. Mather'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, andcategorized into(1) literate(2)uneducated (illiterate). In the regression model uneducated was taken as a referencecategory.

3.3.2.8Father's Education

In most cases educated families are the designer of their children's future life in this regard the Contribution 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 studymarital status taken as avariable that affects the employment status of respondents. It was grouped in to four namely (1) single, (2) Married,(30) Divorced and (4) Widowed: in the model single taken as a reference category.

3.3.2.10 Work Experience

During the survey periodthe respondents were asked if they are involved in different income generatingactivitiesearlier 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.

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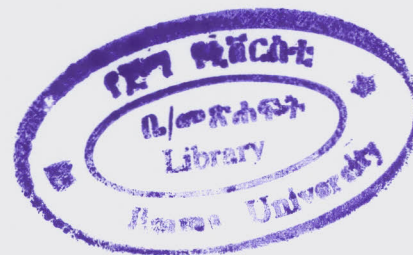
CHAPTER FOUR
RESULTS OF THE STUDY

4.0 Introduction

This chapter focuses solely on results obtained from the analysis carried out using SPSS. The results aredisplayed 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 under gone the necessary issues onsocio-economic and demographic characteristics were extensively accessed for the manipulation of findings to create clarity on the understanding of the outcome of the study ondemographic and socio-economic determinants of youth unemployment.

The whole condition and characteristics which were comprised the demographic and socio-economicsummary of respondents those interviewed during the survey in the study area namely migrationstatus, age, sex, marital status, education, work experience,social network density, mother education,householdincome,job preference andfather 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 therespondents under this study is sex. As shown in the figure 4.2.1 below the percentage of each sexindependently 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

Source Survey data Jimma 2014

46
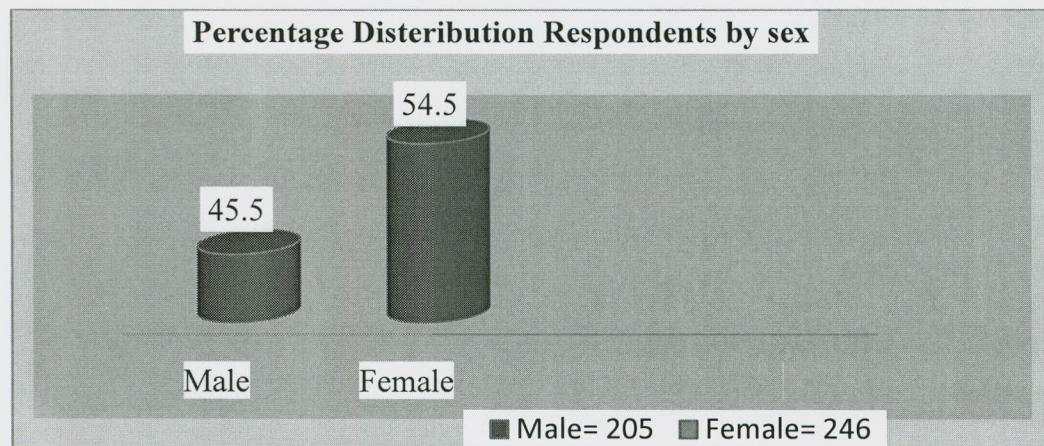
4.2.2 Age of Respondents

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 asit shows the age range from 15-19 (16.2 percent), the age group 20-24 was where 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
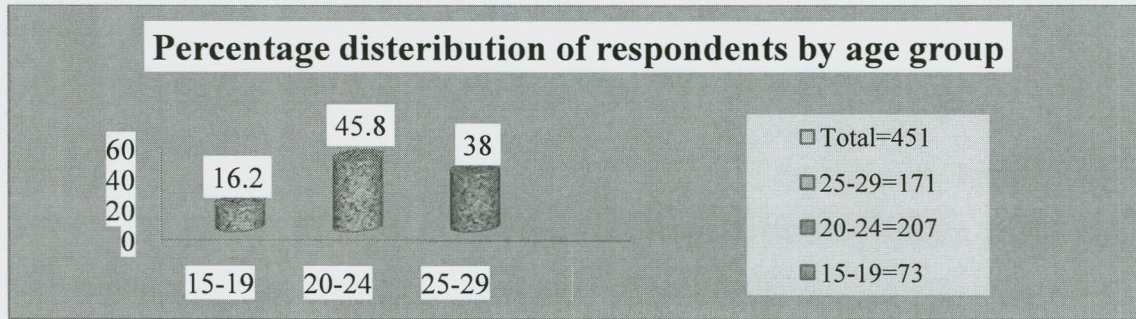
Source survey data Jimma

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 75.1percent were single,19.9 percent married, 3 percent divorced and 2 percent widowedas shown in the figure 4.2.3 below.

Figure 4.2.3 Percentage distribution of respondents by marital status
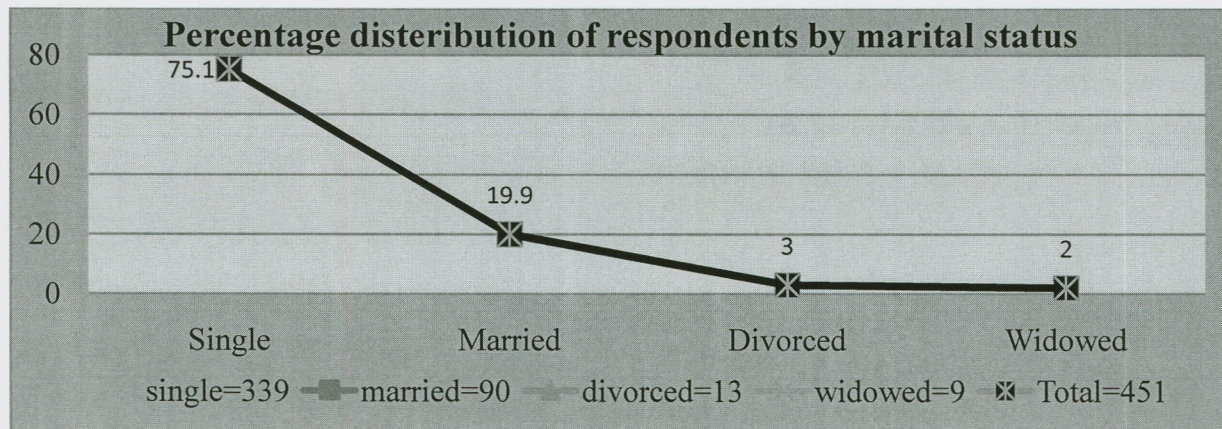
Source Survey data Jimma 2014

4.2.4 Migration Status of Respondents

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

Figure 4.2.4 Percentage distribution of respondents by migration status
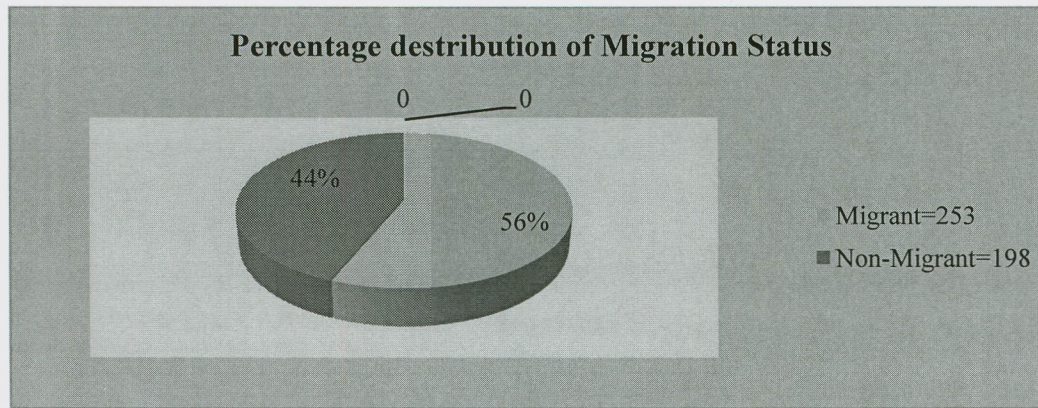
Source Survey data Jimma 2014

Table 4.1 Frequency distribution of demographic Characteristics of Respondents

Variable	Employment status				Total	
	Employed		unemployed			
	No	%age	No	%age	No	%age
Sex						
Male	112	**55 %**	93	45%	205	100 %
Female	154	63 %	92	37 %	246	100 %
Age						
15-19	12	16.4 %	61	83.6 %	73	100 %
20-24	112	54 %	95	46 %	207	100 %
25-29	142	83 %	29	17 %	171	100 %
Marital status						
Single	194	59 %	145	41 %	339	100 %
Married	56	62 %	34	38 %	90	100 %
Divorced	11	85 %	2	15 %	13	100 %
Widowed	5	60 %	4	40 %	9	100 %
Migration status						
Migrant	144	61 %	109	39 %	253	100 %
Non-migrant	122	70.9 %	76	29.1%	198	100 %

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 theyouth who have no formal and informal educational level were2 percent, those completed primary education are 17 percent, those completed secondary school21 percent, those who have different certificate level and diploma collages were accounts for 30.9 percent and finally29.1 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.
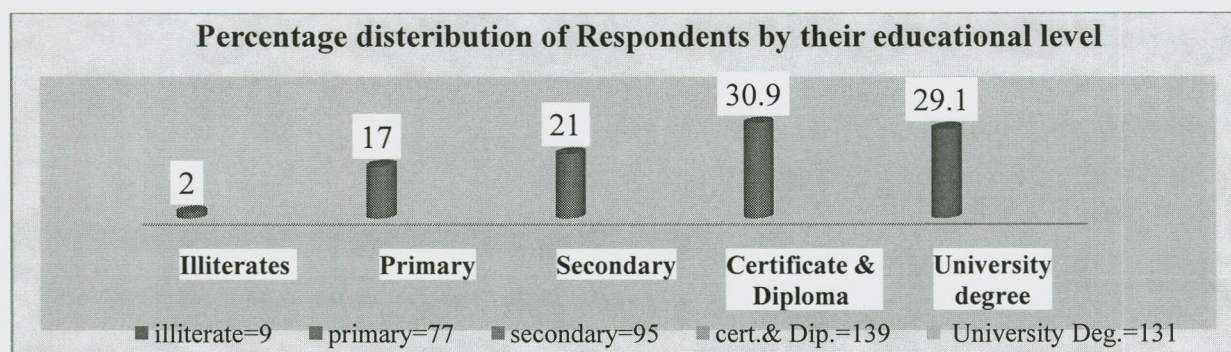
Source: Survey Data Jimma 2014

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 percentpreferred paid employment in any organization, 35.9percent 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.

Source survey data Jimma 2014

49
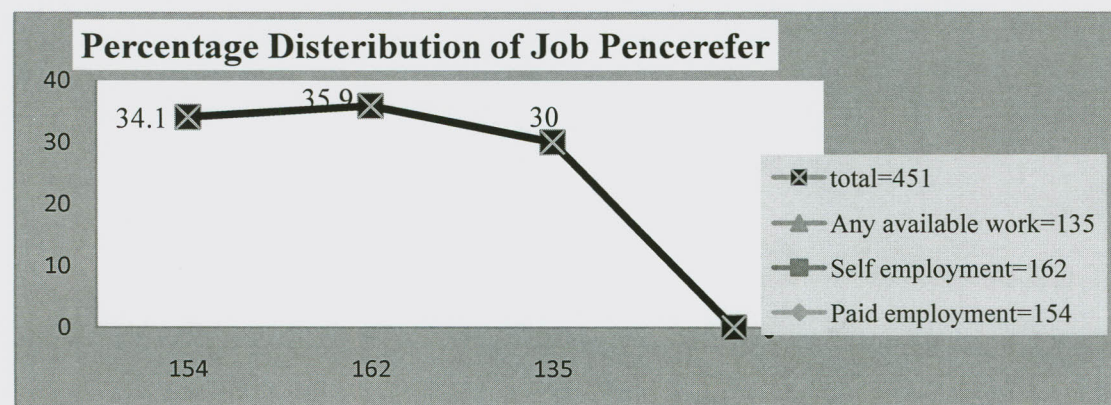
4.3.3 Social Network Density of Respondents

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 hadsocial networks less than ten.

Figure 4.3.3 Percentage distribution of respondents by their social relation.
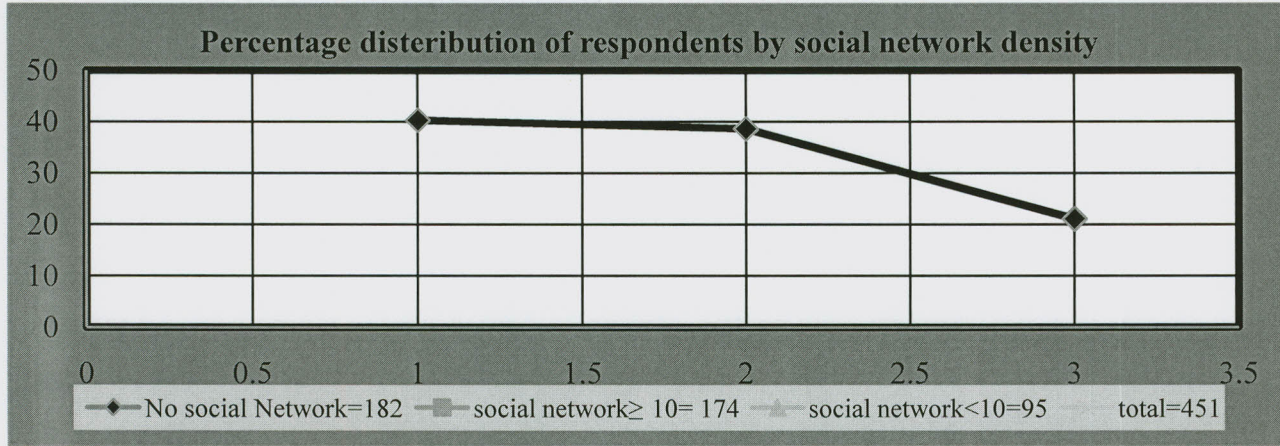
Source survey data Jimma 2014

4.3.4 Work Experience of Respondents

Work experience was taken as one variable and incorporated in the structured question during datacollection 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 that64.6 percent of therespondents had work experience and 35.4 percent of the respondents had no work experience at thesurvey period.

Figure 4.3.4 Percentage distribution of respondents by their work experience level.
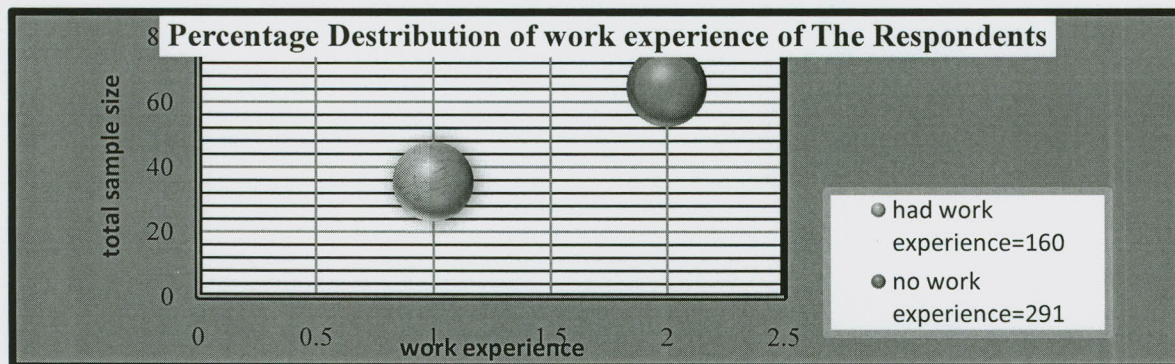
Source Survey data Jimma 2014

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 didnot get any formal education, while 42.7 percent of the respondents were replied that their mothers wereliterate prior to surveyperiod asthe figure 4.3.5 below shows.

Figure 4.3.5 Percentage distribution of respondents by their educational level.
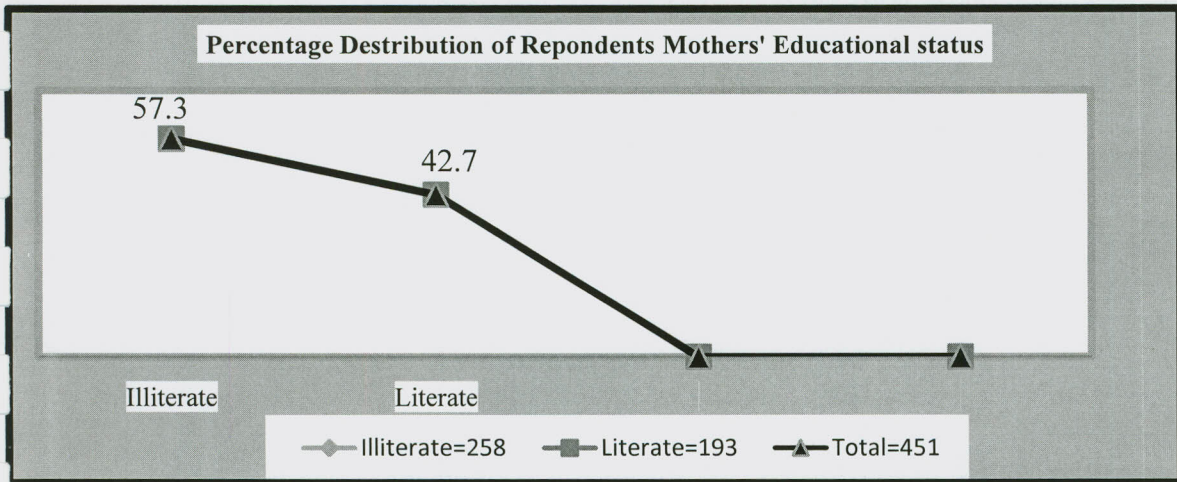
Source surveyed data Jimma 2014

4.3.6 Father's Educational status

Father's educational status was regarded as a variable that determine 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 percentrespondents' 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
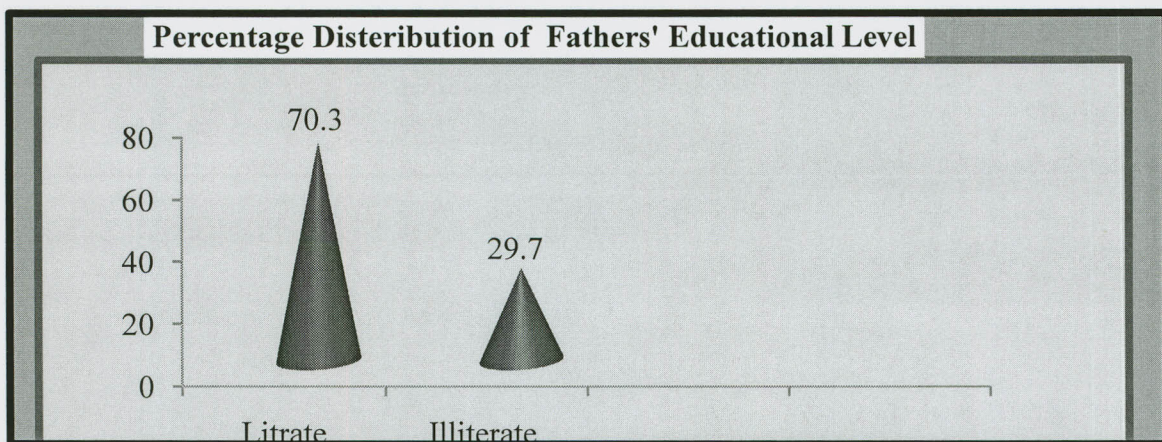
Source Survey Data Jimma 2014

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 householdincome as shown the figure 4.3.7 below,24percent, 26.1 percent, 29.1 percent and 20 percent of the study respondents live in household monthly income of less than orequal 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.
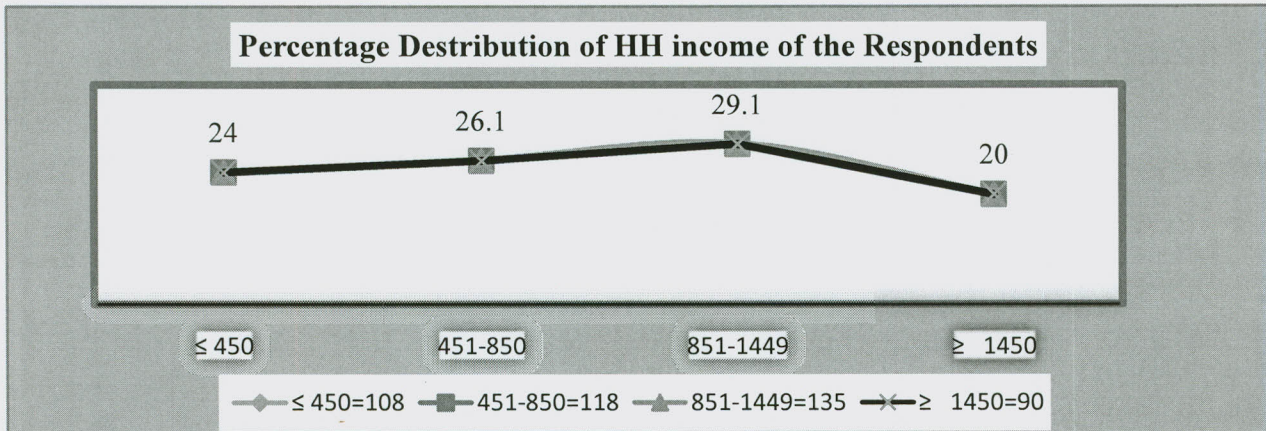
Source survey dataJimma 2014

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 therespondents wasemployed 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.
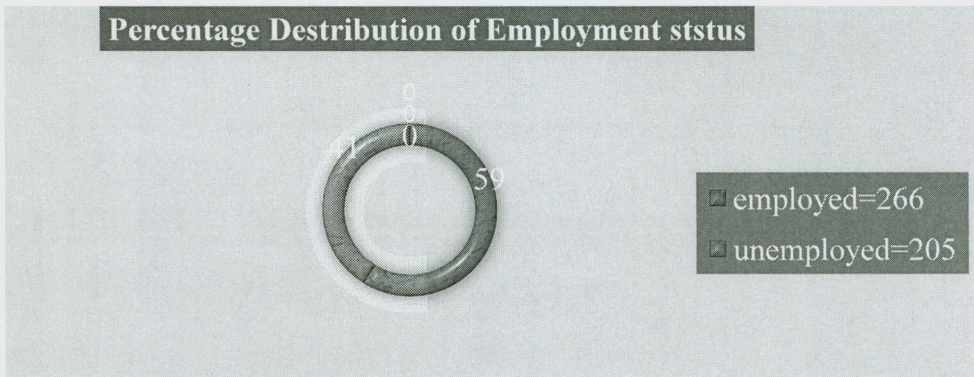
Source survey data Jimma 2014

Table 4.2: Frequency distribution of respondents by Socio-Economicfactors,Jimma 2014

Variables	Employment status				total	
	Employed		unemployed			
Education	Amount	percent	Amount	percent	Amount	percent
No formal & informal education	3	28 %	6	72 %	9	100 %
Primary education	30	39 %	47	61 %	77	100 %
Secondary education	50	53 %	45	47 %	95	100 %
Certificate and Diploma	83	60 %	56	40 %	139	100 %
University degree	100	76 %	31	24 %	131	100 %
Job preference						
Any available work	82	61 %	53	39 %	135	100 %
Paid employment	81	52 %	73	48 %	154	100 %
Self-employment	103	67 %	59	33 %	162	100 %
Social network density						
No social network	82	45 %	100	55 %	182	100 %
Social network <10	40	42 %	55	58 %	95	100 %
Social network $\geq$10	144	83 %	30	17 %	174	100 %
Household income						
$\leq$ 450 birr	50	46 %	58	54 %	108	100 %
451-850 birr	64	54 %	54	46 %	118	100 %
851-1449 birr	88	65 %	47	35 %	135	100 %
$\geq$1500 birr	64	70.9 %	26	29.1 %	90	100 %
Mothers education						
illiterate	125	48 %	133	52 %	258	100 %
literate	141	73 %	52	27 %	193	100 %
Fathers education						
illiterate	46	34 %	88	66 %	134	100 %
literate	220	69 %	97	31%	317	100 %
Work experience						
Had work experience	121	76 %	39	24 %	160	100 %
No work experience	145	49 %	146	51 %	291	100 %

Source surveyed data Jimma 2014

4.4   Bi-Variate Analysis

4.4.1 Sex

Sex ofthe respondent was one of the demographic variables that were found to be related toemployment status. The association between sex and youth employment status shows that among 246 females comprised in the sample, 49 percent were unemployed where as28 percent of males among 205 total male accounted were unemployed (Table 4.5). This confirms that female unemployment is more sever than male unemployment. The chi-square testspecified 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 variable 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 for72 percent out of 171 those found in this age group. The chi- square testshowed that a statistically significant association between age and employment status ($x^2 = 97.558$, P <0.01, df = 2).

4.4.3Migration

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 youthemploymentstatus 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 Vs29.1 percent). The difference wasstatistically 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, thepercentage 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 datareveals(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 4.3Chi-Square test result of the association between Youth Employment status and Demographic variables, Jimma 2014

Variable	Employment status				Total		X^2- test	P-value
	Employed		Unemployed					
Sex		percent		percent		percent	2.934	0.001
Male	112	55 %	93	45 %	205	100 %		
Female	154	63 %	92	37 %	246	100 %		
Age							97.558	0.000
15-19 years old	12	16.4%	61	83.6%	73	100		
20-24 years old	112	54%	95	46%	207	100		
25-29 years old	142	83%	29	17%	171	100		
Migration status							1.014	0.05
Migrant	144	57 %	109	43 %	253	100 %		
Non-migrant	122	62 %	76	38 %	198	100 %		
Marital status							4.396	0.05
single	194	57 %	145	43 %	339	100 %		
married	56	62 %	34	38 %	90	100 %		
Divorced	11	85 %	2	15 %	13	100 %		
Widowed	5	60 %	4	40 %	9	100 %		

Source surveyed data Jimma 2014

4.4.5Socio-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 statusthatshows unemployment was greater among thoserespondents who were no formal and informal education (72percent), having primaryeducational level(61 percent) and secondary level education 48percent in addition those havingcertificate and diploma were relatively low unemployment rate (41 percent).

But it was lower among those respondents having university degree level (24percent).Educational level and unemployment wasrelated inversely as educational level of youth increases youth unemployment declines.The Pearson chi-square test defined that the relationship betweeneducationallevelandemploymentstatuswas statisticallysignificant (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 their mothers were illiterate where as those respondents whose their 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 ($x^2 = 27.636$, 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 their fathers' were illiterate than those respondents whose fathers' were literate (31 percent). The test of association was significant ($x^2 = 47.887$, 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 (x^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 (x^2 =66.434, P = 000, df= 2).

56

4.4.5.6 House hold 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 employmentstatus, 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,54percent, 46percent, and 34percent of the unemployed youth lived in a household earning less than or equal to 450 birr, 451-850 birr,851-1499birr respectively as compared with unemployed youth who lived in a household earning above 1500 birr per month(17percent).In addition as the chi-square test revealeda significant association between household income and youth employment statusat (x^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 youthemployment 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 (x^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

Variables	Employment status				total		X^2-test	p-value
	Employed		unemployed					
Education	Amount	percent	Amount	percent	Amount	percent	33.125	0.000
No formal & informal education	3	28 %	6	72 %	9	100 %		
Primary education	30	39 %	47	61%	77	100 %		
Secondary education	50	53 %	45	47%	95	100 %		
Certificate and Diploma	83	60 %	56	40 %	139	100 %		
University degree	100	76 %	31	24 %	131	100 %		
Job preference							4.183	0.005
Any available work	82	61 %	53	39 %	135	100 %		
Paid employment	81	52 %	73	48 %	154	100 %		
Self-employment	103	67 %	59	33 %	162	100 %		
Social network density							66.434	0.000
No social network	82	45 %	100	55 %	182	100 %		
Social network <10	40	42 %	55	58 %	95	100 %		
Social network ≥10	144	83 %	30	17 %	174	100 %		
Household income							15.902	0.001
≤ 450 birr	50	46 %	58	54 %	108	100 %		
451-850 birr	64	54 %	54	46 %	118	100 %		
851-1449 birr	88	65 %	47	35 %	135	100 %		
≥1500 birr	64	70.9 %	26	29.1 %	90	100 %		
Mothers education							27.633	0.000
illiterate	125	48 %	133	52 %	258	100 %		
literate	141	73 %	52	27 %	193	100 %		
Fathers education							47.887	0.000
illiterate	46	34 %	88	66 %	134	100 %		
literate	220	69 %	97	31%	317	100 %		
Work experience							28.397	0.000
Had work experience	121	76 %	39	24 %	160	100 %		
No work experience	145	49 %	146	51 %	291	100 %		

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, VarianceInflation 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 multicollnearity can also be tested by using Variance Inflation Factor (VIF) and Tolerance. Tolerance is 1-R2 (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 malticollinearity. 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 givenindependent variable display multicollinearity effect.

4.6 Goodness- of- Fit

Different possible ways of assessinggoodness of fitthe 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: thehypothesized model fits the data.

H1: not Ho. The Test Statistic is based on -2LL.To test if the inclusion of independent variablessignificantlyimproves the model. This is testing:H0 :β=0 and H1:$\beta\neq$0. The Test Statistic is based on Deviance.D=-2(LLo-LLc), which has chi-square distribution with df=k-1 Wald Statistic can also be used. Thetechniques 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 significancelevel of the test was found to be 1 (see Annex II). Accordingly, the alternative hypothesis that describes the model istolerable 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 networkdensity, father education and marital status were entered in to 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 variableindicating 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 therespondents 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 ofyouthunemployment wastested 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 versusemployment) of the dependent variable.

Then we used a Logistic regression model, given by

$$\log \frac{p(i)}{1 - p(i)} = \beta 0 + \beta 1 x 1 + \beta 2 x 2 + \beta 3 x 3 + \beta 4 x 4 + \cdots + \beta n x n$$

andthe odds ratio could be written as

$$Log\left(\frac{P(i)}{1} - P(i)\right) = ln(odds) = \beta 0 + \beta 1 X 1 + \beta 2 X 2 + \beta 3 X 3 + \beta 4 X 4 + \cdots + \beta n X n$$

Where,

$X_1, \ldots, X_{11:}$were the predictor variablessex, age, migration status, marital status, education status of therespondents, household income, job preference, social network density, mother education and father educational level of the respondents, work experience of the respondents, respectively.

61

P:-indicated the likelihoodof 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 statusof 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 increasingin the dependent variables, identifyingthat the impacts of others (Johnson, Wichern,Walker, 2007.1996)When there is a positive estimated coefficient ($\beta >1$) the estimated odds riseas the predictor result increases, and thenegative coefficient ($\beta <1$) specifies that the predicted odds decline as the predictor valueincreases.

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 indicatesrelation 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 youthunemploymentrevealed it was significant at ($P <0.001$).

4.8.2 Age

The association between age and youth employment status was analyzed by using binarylogisticregression 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 onethat significantly affectedyouth employment status in the study area. As the clue ofthe likelihood ratio of being unemployed for migrants was 1.72 times higher than non-migrants. The logistic regression coefficient between youth unemployment and migration statuswas 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 comparativepossibilities of being unemployed for single youth was 1.08 higher compared to those of the every married youth. Though, the association between maritalstatus and youth employment was statistically significant at P< 0.05.

Table 4.5Logistic Regression Results of the Effects of Predictor Variables

Variable	Category	β	S.E	Wald	df	Sig.	Exp(β)
Age	15-19 years	44.275	1.606	.000	1	.001	1.691
	20-24 years (RC)	1.00					
	25-29 years	3.238	1.518	.000	1	0.01	2.5474
sex	Male (RC)	1.00					
	female	-39.172	1.294	.000	1	.001	.000
Migration status	Migrant	-.490	1.241	.000	1	0.000	.612
	Non migrant (RC)	1.00					
Marital status	Single (RC)	1.00					
	Married	-20.781	6.279	.000	1	.097	.000
	Divorced	-.652	.722	.817	1	.001	.521
	Widowed	-1.482	1.020	2.109	1	.146	.227
Educational level	No formal & informal education	1.864	.736	6.410	1	.011	.652
	Primary education (1-8)	1.620	.311	27.097	1	.000	3.054
	Secondary education(9-12)	1.066	.291	13.447	1	.000	2.903
	Certificate &diploma	.778	.269	8.381	1	.004	2.176
	University degree (RC)	1.00					
Job preference	Any available work (RC)	1.00					
	Paid employment	-1.270	1.889	.000	1	0.000	.281
	Self-employment	-.649	1.234	.000	1	0.000	.523
Social network density	No social network	40.586	2.802	.000	1	.009	4.229
	Social network density < 10 person	39.817	1.338	.000	1	.008	1.960
	Social network density ≥10 (RC)	1.00					
House hold income	≤450 birr	.390	1.647	.000	1	0.000	1.476
	451-850 birr	.275	1.035	.000	1	0.000	1.317
	851-1499 birr	.182	.668	.075	1	.005	1.200
	≥ 1500 birr (RC)	1.00					
Mothers education	Illiterate (RC)	1.oo					
	literate	.390	1.647	.000	1	0.000	1.476
Fathers education	Illiterate (RC)	1.00					
	literate	-.604	1.053	.000	1	0.000	.546
Work experience	No work experience (RC)	1.00					
	Had work experience	15.088	8.152	.000	1	.009	3.570

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

4.9 Socio-Economic Determinants of Youth Unemployment

4.9.1 Education

Educational status of an individual could be a key factor that affectsemployment status of youth in the town. Those people having high educational level or highly educated were more productive and they haverelatively highly opportunistic and they were highly salaried comparatively.Insteadwhen theyouth lackedessential skills and knowledge, the probability of being unemployed is greater.

The result of this study also provesthe above mentioned statement;thosehaving lower level of education increase the odds of unemployed. The probability of being unemployed was 2 times higher for thoseres-pondents 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 abovesecon-dary level of education. And the result was statistically significant at $P < 0.005$. Similarly, the probabili-ty of unemployment for no formal and informal education respondents was 2.22 times higher than those who had above primarylevel 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 employmentstatus. As (Okojie, 2003) found out educated youth prefer wage jobs in the formalsectorsector and would prefer to remain unemployed until they get the type of job they prefer. This study also shows that preference of paid em-ployment 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. Unexpectedly, 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 household earning monthly income birr $< = 400$, 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 availablethrough personal networks. The lack of social network could increases the risk ofunemployment. 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 wasstatistically significant at $P< 0.05$. Moreover, the likelihood of being unemployed for those youth who hadsocial 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 thatsocio- economic factors covered in this paper play a role in influencing unemployment within the Jimma town youth.

All thesocio –economic factors age group, sex, marital status, ion 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 astraditional practices which are still highly practiced since most believe the male has to take up work andfemales stay home.

5.1. Females are less employed than Males

As(Aslefew, 2011)noted thatunemployment is more severe for female than for male. The result of this study shows that the incidence of unemployment is higher for female than for male,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 migrantsparticularly 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 ofUnemployment.

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 ofeducation especially for those no formal and informal education, primary and secondary school graduates relatively with thoserespondents who had above certifies 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 abour market. To approve the above statement,during the FGD discussion the following points were identified: Now days, even largenumbers of unemployed youth have been perceived amongsecondary school students as well as those having certificate and diplomain the town, including respondents those primary educational level and below. Some of us had certificates of different level and completedgrade10 and grade 12, but we did not have anyemployment accessibility and engaged indifferentsocio-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, "Weparticipate in low wage rate of human capital, just to persist". Hence, the hypothesis test which states education is inverselyproportional to unemployment was confirmed, which implies that youth who had lower level ofeducation and were not have any level of educationwas 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 isactually like, and have not given careful thought to their own potential career choices.They lack informal networks andconnections 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 socialrelation 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 difficultyofgetting job opportunities.

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

During FGDdiscussion this issue alsoraised andthe importance of social network in getting employment was confirmed with in individuals those have the better socialrelation, and social networks.At the discussion period they stated that "majority ofus do not have appropriate socialnetworks to findemployment because of economic, social and cultural barriers we have.Besides this lack ofinitiation andattitudes 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 probabilityof being unemployed related to youth who havebetter social network is also confirmed.

5.5 Job Preference increasesthe 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). Thefindings 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 thosepreferred paid employment were unemployed when compared with those preferred to work any available work.

To enrich the above idea, FGD participantspointed 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 thedisadvantaged 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 socioeconomicdeterminants of youthunemployment in Jimma town, south west Ethiopia, Oromia National Regional State.

The survey was cross sectional bydesigned and principally used primary data obtained through conducting structural householdsurvey. In order to evaluate the determinant factors of youth unemployment, dataon the demographic and socioeconomic characteristics of youth were collectedfrom 451 respondents. The samples were selected by using multistage samplingdesign and the data were analyzed by using univariate, bivariate and multivariatemethods.

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 therespondents were females. Among the total number of respondents, migrantsconstituted the higher percentage (56.1percent). With regard toeducational levelof respondents, nearly two thirds of them had completed certificate and beloweducational level. Regarding mothers' education of the respondents, about (57.2 percent) oftherespondents'mothers wereilliterate.

The social network density Granovetter, 1983 of respondentsdemonstrated that almost two thirds of the respondents had weak social networkdensity. Data on job preference depicts that one third of the respondents preferredto work in the formal sectors (private and government institutions) of theeconomy. The percentage of youth who had no work experience was very small.Most of the respondents lived in a household earning a monthly income below1500 birr and also their marital status shows higherpercentage of them weresingle.

Concerning the employment status of survey participants, 41percent of the respondents were found unemployed and 59 percent wereemployed at the time of the survey.The differentials of youth unemployment were also analyzed in relation to demographic and socio-economic variables usingbivariate analysis. As far as sex is concerned,females were at disadvantage in their employment status out of theemployed 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 wereunemployed (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 forfemales 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 paidemployment 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 house hold 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 thanmarried one. Unemployment is one of the challenging socio-economic problems that affect all people in theworking 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 tosocial, 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 featuresof the youth also play its role to increaseunemployment. The capacity of low human and social capitals declines the employment of respondents. This can be inferred from the resultsthat lower social network density and low educational level, significantly increases thelikelihood of youthunemployment.

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, house hold 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 investmore 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 Jimmazonesocietyare residing in the rural area. Therefore, consideration shouldbe 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 towardsfemales as they are more likely to unemployed compared to males.

⬥ Popularizing information technology to create conducive condition for youths in order to increasetheirsocial networks.

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

⬥ Addressing theproblem 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 unemploymentcondition in urban areas, and the social and economic costs would be high. So, identifying the assertive factors of young migrants andsetting solutions is essential.

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Descriptive Statistics

Variabels	N	Range	Sum	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Sex	451	1	246	.55	.498	.248	-.183	.115	-1.975	.229
Age	451	2	549	1.22	.703	.495	-.332	.115	-.952	.229
marital status	451	3	594	1.32	.628	.395	2.282	.115	5.557	.229
migration status	451	1	198	.44	.497	.247	.247	.115	-1.948	.229
educational level	451	4	1659	3.68	1.124	1.263	-.409	.115	-.909	.229
job preference	451	2	929	2.06	.810	.656	-.110	.115	-1.468	.229
social network density	451	2	894	1.98	.889	.791	.035	.115	-1.738	.229
household income	451	3.00	1109.00	2.4590	1.06248	1.129	.007	.115	-1.229	.229
mothers education	451	1	193	.43	.495	.245	.292	.115	-1.923	.229
fathers education	451	1	317	.70	.457	.209	-.891	.115	-1.212	.229
work experience	451	1	291	.65	.479	.229	-.609	.115	-1.636	.229
employment status	451	1	185	.41	.492	.242	.366	.115	-1.874	.229

1). Coefficient of Contingency Table

	X_1	X_2	X_3	X_4	X_5	X_6	X_7	X_8	X_9	X_{10}	X_{11}	X_{12}
X_1	1											
X_2	.745	1										
X_3	.461	.507	1									
X_4	.808	.687	.571	1								
X_5	.814	.864	.566	.775	1							
X_6	.810	.745	.587	.829	.902	1						
X_7	.859	.873	.539	.782	.893	.828	1					
X_8	.848	.850	.660	.817	.913	.884	.884	1				
X_9	.790	.817	.584	.806	.771	.794	.880	.821	1			
X_{10}	.712	.705	.328	.575	.804	.642	.719	.757	.562	1		
X_{11}	.729	.566	.375	.656	.626	.748	.616	.679	.641	.380	1	
X_{12}	-0.081	-0.463	-0.062	-0.047	-0.267	-0.028	-0.339	-0.187	-0.248	-0.326	-0.251	1

2). **Multicollinearity Statistics**

Variables	Tolerance	VIF
sex	.950	3.989
age	.455	2.199
marital status	.977	1.014
migration status	.456	2.194
educational level of respondents	.761	2.563
job preference	.880	3.470
social network density	.671	3.989
household income	.521	3.920
mothers education	.982	2.312
fathers education	.798	1.396
work experience	.680	1.470

Computed from the surveyed data