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**FACTORS INFLUENCING YOUTH UNEMPLOYMENT IN WOLISO TOWN, SOUTH
WEST SHEWA ZONE, OROMIA NATIONAL REGIONAL STATE, ETHIOPIA**

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**A Thesis Submitted to the Center for Population Studies Presented in Partial Fulfillment of
the Requirements for the Degree of Master of Science in Population Studies
(Population, Environment & Development)**

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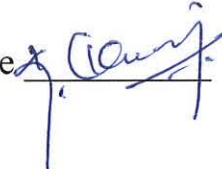
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Abstract**Factors Influencing Youth Unemployment in Woliso Town, South West Shewa Zone,
Oromia National Regional State, Ethiopia****Fekadu Mengistu****Addis Ababa University, 2012**

Youth employment challenge is a critical development problem facing Ethiopia. The situation for urban youth including that of Woliso town is even worse. Previously there is no study conducted related to the determinants of youth unemployment in the town. In line with this, the objective of this study is to explore the employment status and possible factors (demographic and socio-economic) explaining youth unemployment in the town. The study used mainly primary data collected from 462 youths randomly selected from the three kebeles of Woliso Town, South West Showa Zone, Oromia National Regional State, Ethiopia. Frequencies, cross tabulations and binary logistic regression model were used to analyze the data. The study results indicate that, out of the total respondents 47.4 percent were found unemployed, while 52.6 percent were employed at the time of the survey. The results of bivariate analysis shows that teenagers, young females and non-migrants, youth of secondary and below educational level, youth with lack of work experiences, little or no social network contact, less or no motives promoting working career, youth from illiterate mother and lower family income were found unemployed in the town. In multivariate analysis, age, sex, migration, education, work experience, motive toward work, and family income significantly determine youth unemployment in the town. Social network and mother education were found insignificant. Based on results of the study, improve education and skill of youth, empower females, improve youth attitudes towards job creation were some of the suggested recommendations.

Keywords: youth unemployment, demographic & socio-economic variables.

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Acronyms and Abbreviations

ACBF:	African Capacity Building Foundation
CSA:	Central Statistical Agency
DEFF:	Design Effect Factor
df:	Degree of freedom
EAs:	Enumeration Areas
FGDs:	Focus Group Discussions
ILO:	International Labour Organization.
LDCs:	Less Developed Countries
MDGs:	Millennium Development Goals.
MOLSA:	Ministry of Labor and Social Affairs
MOY:	Ministry of Youth Sport and Culture
OECD:	Organization for Economic Co-operation and Development
SPSS:	Statistical Package for Social Sciences
UN:	United Nations
UNAIDS:	United Nations Program on HIV/AIDS
WHO:	World Health Organization

Chapter One

1. Introduction

1.1 Background of the Study

Youth, defined by the United Nations (UN, 2007) as persons between the ages of 15 and 24 and it is 15-29 as defined in the Ethiopian youth policy (MOY, 2004), is a transitional period from childhood to adulthood, a stage for the process of becoming independent, a time for leaving the parental home and establishing new living arrangement, and also is a situation to form personal relationships outside the family and is a time of finding works.

Today's generations of youth are most numerous in history and the world is more youthful today than ever before. Currently, 1.5 billion people are youth (15-24 years of age): 1.3 billion of them are in developing countries (WDR, 2008). And thus, young people are major human resources for development, key agents for social change and driving force for technological innovation (Mahendra *et. al*, 2011).

But, harnessing these resources is a major challenge. The youth challenge is considered as the most critical at the 21st century's economic development challenge. Moreover, the decline in fertility rate has led to the bulge in working age population and hence, it is a great concern that how this bulge in working age population presents the opportunities for growth and prosperity of a nation and the implications and opportunities of the bulge and how states are trying to respond. The critical aspects of the challenge are mostly related to labor market entry where young people encounter difficulties in finding and maintaining a decent job (Mahendra *et al*, 2011).

The growing number of unemployed youth is one of the most daunting problems faced by developed and developing countries alike (ILO, 2004, 2005b) and today's youth are faced with high levels of economic and social uncertainty (World Bank 2008). Estimate of the International Labor Organization (ILO) in their World Employment Report (1998) indicated that at least 60 Million young people are unemployed and that youth unemployment rates can be as high as three times adult rates. Studies by World Bank (2008) indicated that, unemployed youth make up almost half of the world's total unemployed. ILO's report in 2010 also forecasts a continued increase in the youth unemployment rate in 2010 to 13.1 percent. Thus the issue of youth employment challenge is prominently on the international development agenda and it is one of the focuses of the Millennium Development Goals (MDGs).

The rapid population and labor force growth in developing countries, and the prospect that these trends will continue, has aroused great concern about the resultant economic and social consequences, particularly since many urban areas have serious employment and poverty problem (Oberai, 1993). About 84 percent of the world's youth live in developing countries (UN, 2007).

According to Okojie (2003), with stagnant economies and low economic growth rates in most African countries, demand for labor has been low or declining, resulting in high levels of unemployment. Currently, Africa's 200 million people between the ages of 15 and 24 make up 60 percent of the region's unemployed (World Bank, 2008). The incidence of youth unemployment in sub-Saharan Africa is estimated to be over 20 percent as well (ACBF, 2011). It is arguable that the high rate of youth unemployment in North Africa resulted in the political unrest in the region. As the result of these protests, it has become a major concern to governments in the region and elsewhere in Africa.

In spite of efforts made to solve the problem posed by the high level of youth unemployment by the government of Africa, these efforts have for the most part not been successful and the number of unemployed youth particularly, university graduates has kept increasing. Some of the barriers to employment opportunities for many youth are: lack of job creation, vulnerability of young workers to layoffs when economic growth falters, high labor costs or unrealistic wage expectations on the part of youth, discrimination (i.e. negative attitudes towards inexperienced young workers), poor access to fundamental education (example, the lack of skills from limited job experience and hence little access to on-the-job training), rapid economic change, and the compounded labor-market disadvantages that accompany poverty and high rate of population growth (ACBF, 2011).

Ethiopia is a country of the young. Its population was 73.9 Million, making the second most populous country in sub-Saharan Africa after Nigeria. Out of the total population, youth constituted about half and out of the 16 percent of urban population, youth's proportion is very high (CSA, 2007). However, Ethiopia, is a typical case of developing world that has failed to make effective use of its youth (Tesfaye *et. al.*, 2005)

The Ethiopian rural labor market is characterized by disguised unemployment. Disguised unemployment exists when few jobs are filled by many people in which case productivity will be low and youth open unemployment as an urban phenomenon (Denu *et. al.* 2005/07). Unemployment is high and is one of the socio-economic problems in the country. Urban unemployment rate was 20.5 percent in 2009. It was higher for females at 29.9 percent compared males which stood at

12.1percent (World Bank, 2011). According to statistical report on urban employment unemployment survey (2010) of Ethiopia, youth unemployment was found 24.5 percent having 16.63 percent male and 31.6 percent female.

World Bank (2007) indicated that the potential causes of unemployment in urban Ethiopia include the increasing number of the youth labor force, the rising internal migration and literacy rate. Another study by Astatike (2003) stated that some of the most important causes in developing countries especially in Ethiopia are the rapidly growing size of the labor force, poor to modest macro economic performance, low level of job creation and low level of aggregate demand in the economy.

Oromia National Regional state is the largest populated region with around 27 million people. Out of the total populations of the region 27 percent were youth in 2007. Besides, the size of urban population was estimated about 3.4 million in which 39 percent were youth (CSA 2010c).

On the other hand, employment status of the region showed that unemployment rate in urban areas of the region was found to be 17 percent with 13 percent of males and the corresponding females unemployment rate was 21.8 percent in 2007 (CSA 2010d). According to statistical report on urban employment unemployment survey (2010), youth unemployment in urban areas of the region was found 22 percent, having 13 percent male and 29.6 percent female.

Woliso is one of the zone town of Oromia National Regional states, having according to 2007 Census report (CSA, 2007); a total population of 37,867, of which 18,868 were male and 18,998 were female. From the total population, 16,338 (43 percent) were youth in the age group 15-29.

In view of this, Ethiopia approved its youth policy in 2004. The general objective of the National youth policy is to bring about the active participation of youth in the building of a democratic system and good governance as well as in the economic, social, and cultural activities in an organized manner and to enable them to fairly benefit from the result (MOY, 2004)

In line of the above given youth problems of the country and region, this study, will attempt to assess employment status and socio-economic and demographic related causes of youth unemployment on the basis of data collected from Woliso Town in South West Showa zone, Oromia National regional state, Ethiopia.

1.2 Statement of the Problem

Unemployment has become an immense global problem and it affects a vast majority of the world's population currently. However, the impact and intensity might differ. In 2009 for example, as indicated in the World Bank data base (2011), the urban unemployment rate stood at 20.5 percent in Ethiopia, 23.5 percent in South Africa, 4.3 percent in China, 5 percent in Japan, 9.1 percent in France, 8.3 percent in Brazil and Sweden and 9.3 percent in the US.

It causes a waste of economic resources such as the productive labor force and affects the long run growth potential of an economy. It also gives rise to private and social problems in the society such as increased crimes, suicides, poverty, alcoholism and prostitutions (Rafik *et al*, 2010). The recent uprising in the Middle East and North Africa, especially in Egypt and Tunisia is motivated by major socio-economic problems such as rising unemployment (Behr and Aaltola, 2011).

Among unemployed population, youth unemployment has become a serious issue. The youth unemployment rate is much higher than that of adult in most countries of the world. Studies by World Bank (2008) indicated that, unemployed youth make up almost half of the world's total unemployed.

In developing economies, unemployment falls disproportionably on youth. Africa and the Middle East get on worst in this regard and are the regions where youth make up a striking demographic majority. These regions face the additional burden of large numbers of young workers who are underemployed and mostly in the informal economy (ILO, 2005).

Studies of the causes associated with youth unemployment indicated that the social and demographic characteristics of individuals play significant role. Kingdon and Knight (2004) study unemployment in South Africa and they show that unemployment is determined by education, race, age, gender, home ownership and location among others. Eita and Ashipala(2010) study the determinants of unemployment in Namibia for the periods 1971-2007 and conclude that unemployment is positively correlated with investment, wage increase, and with an output level below the potential output. They also found that unemployment is negatively related to inflation. Another study by Alhawarin and Kreishan(2010) on long term unemployment in Jordan indicates that age, gender, marital status, region, work experience and education are the major determinants.

Studies by Fontaine, (2008) that in the context of limited social network, young people faces difficulty in searching for a job. Motivation (attitude towards work) is also expected to be an individual characteristic that influences the effort that is put into finding a job (DeGoede, *et.al.*2000).

World Bank (2007) indicated that the potential causes of unemployment in urban Ethiopia include the increasing number of the youth labor force, the rising internal migration and literacy rate. Another study by Astatike (2003) stated that some of the most important causes in developing countries especially in Ethiopia are the rapidly growing size of the labor force, age, and family education, poor to modest macro economic performance, low level of job creation and low level of aggregate demand in the economy.

As many other developing countries, the labor market in Ethiopia is typically characterized by huge inefficiency and under development (ILO, 2003). Labor supply in the economy by far exceeds labor demand and many men and women are looking but unable to find suitable job and stay unemployed. Apart from few of those who are gainfully employed, most often, many of them work either less than full-time or simply work full-time but at low intensity. This brings about a waste of economic resources such as the productive labor force and affects the growth potential of an economy of the country. It also gives rise to private and social problems in the society and unemployed.

Unemployment is high and is one of the socio-economic problems in the country. The urban unemployment rate was 20.5 percent in 2009. It was higher for females at 29 percent compared to males which stood at 12.1 percent (World Bank, 2011). CSA (2010) also indicated that, all age unemployment rate for urban Ethiopia was 18.9 percent, male 11 percent and female 27.4 percent.

For youth, who comprise almost one-fourth of the urban population, unemployment rates range from 16 percent for 15-19 years old to 23 percent for 20-24 years old. This reflects much lower activity rates for the younger group. Disaggregating by gender reveals even larger differences: male have 14 percent unemployment rate, is 12 percent points higher (World Bank, 2007). According CSA (2010) of Ethiopia, youth unemployment was found 24.5 percent having 16.63 percent male and 31.6 percent female.

In general, unemployment, particularly youth unemployment in Ethiopia appears to be urban phenomena. Among the critical development challenges facing the country, is high rate of youth unemployment, and it is a key barrier to national efforts toward achieving the MDGS (Guracello and Rosati, 2007). In spite of these challenges, youth issues were given only limited attention in the past (Berhanu *et al*, 2005). However, recently, the government has started new initiatives to reduce the

problem through encouraging entrepreneurship and by increasing youth participation in the development activities of the country (MOY, 2004).

All age unemployment rate for urban Oromia region was 16 percent, male 8.5 percent and female 24.4 percent. Youth also faced employment challenges. According to CSA (2010) in urban area of the region youth unemployment was found 22 percent having 13 percent male and 29.6 percent female.

Woliso town is one of the zone town of Oromia Region, recently growing very fast and varieties of informal sectors, hotels, petty trading, construction activities, are expanding that contribute to large number of youth in-migrants from nearby rural areas that may increase unemployment problems.

In spite of the above facts, the specific causes affecting youth employment in the town have not yet been assessed. Therefore, analyzing individual's characteristics in explaining youth unemployment is relevant to tackle these problems through some kind of policy actions.

This study was therefore, attempted to explore and analyze employment status and some demographic and socio-economic related factors that explain youth unemployment to fill the knowledge gap in the study area.

1.3 Objectives of the Study.

1.3.1 General objective

The general objective of this study is to explore employment status and the factors that influence youth unemployment in the study area.

1.3.2 Specific objectives.

The specific objectives of the study are:

1. To assess the magnitude of youth unemployment in the study area
2. To examine demographic differentials in explaining youth unemployment.
3. To investigate socio-economic factors in explaining youth unemployment.
4. To recommend some issues in relation to youth unemployment in the study area

1.4 Significance of the Study

According to Curtain (2004), the problem of youth unemployment is a serious cause for concern on a number of grounds. First, the youth makes up a significant proportion of the population and hence,

expenditure on such proportion of the population may turn out to be a lost investment if, ultimately, the youth is not going to be in a position to support itself and the larger society. Second, high level of youth unemployment and the sense of desperation it creates have been linked to social problems that threaten the stability and peace of a society.

In Ethiopia, youth employment challenge is a critical development problem. Berhane *et al* (2005) stated that youth unemployment rate is consistently higher than any other age group of the population of the country. Studies by Guracello and Rosati (2007) also stated that young people living in cities and towns are much more likely to be unemployed than rural young people. Oromia is one of the regions of the country where urban youth unemployment rate was 22 percent (CSA, 2010). Most previous researches mainly focus on National level analysis of youth unemployment. This study therefore focuses on local and individual level analysis of youth unemployment and hence focuses on socio-economic and demographic characteristics in explaining youth unemployment.

So far, no study has been conducted on the determinants of youth unemployment in the town of Woliso. Therefore, the study findings may provide knowledge about the role of individual's socio-economic and demographic related factors in explaining youth unemployment. In addition it may be useful in initiating the regional and local development planners and decision makers to implement the development program and to address the cause or determinant which facilitated unemployment problem of the youth. Moreover, the result of the study may serve as a base for further study.

1.5 Limitations of the Study

The following limitations were encountered in this study.

1. Some respondents showed unwillingness to give accurate information on some socio-economic characteristics such as for example, household income. And some others said that "information has been collected several times, but brought nothing to us so why do we give information". Frequent meeting conducted by city administration is also leads to frequent appointment.
2. The socio-economic and demographic variables of youth unemployment are multidimensional and hence, to asses such variables it requires the consideration of large sample size. However, due to resource constraints the study was restricted to only 480 youths. The study results may not be generalized to the whole youth population even if it can show the factors that explain youth unemployment in the study area and help as a base for further study.

1.6 Operational Definitions of Terms and Concepts

Youth: - part of the society who are between age 15-29(MOY, 2004)

Employment status: - is a dichotomous word which indicates whether an individual is employed or unemployed. That is, unemployed refers to those people without work but looking for work or currently available for work during the reference period (CSA, 2010) and the employed refers to those persons who were engaged in productive activities during the reference period as paid or self employed (ILO, 1992)

Productive activities: - work which involves the production of goods and services for sale or exchange (ILO, 1982 cite in CSA, 2010)

Enumeration Area (EA):- is a unit of land delineated for the purpose of enumerating population and housing units without omission and duplication. EA in urban areas constitutes 150-200 housing units. (CSA, 2004)

Household:- consist of a person or groups of persons, irrespective of whether related or not , who normally live together in the same housing units or group of housing units and have common cooking and eating arrangements.

Head of Household: - is a person who economically supports or manages the household or for some reason of age or respect is considered as head by the other members of the household. It could be a male or a female (CSA, 2004).

Social capital: - can be defined by all entities that facilitate individual or collective action, generated by networks of relationships, reciprocity, trust, and social norms. It is combinations of the number of people who can provide support and the resources those people have at their disposal (Flap *et al*, 2001)

Human capital:- as the stock of potential physical and mental attributes such as knowledge and intelligence, talents and skills, motivations and energy which can be invested in through health, education and training where economic, social and time resources are spent to increase the individuals' productivity and enhance their performance and thus secure the best jobs(Allen and DeWert,2007)

Motivation to work: - is the extent to which person is motivated and committed to work and find job which influenced by person's values/work-ethics that promote working career, responsibility and health of the person (Wiener, 1999 and DeGoede *et al*, 2000)

1.7 Organization of the Study

This study is organized in to five chapters. Chapter one covers background of the study, statement of the problem, objectives of the study, significance of the study, limitations of the study and operational definition of terms and concepts.

Chapter two covers literature review which includes some concepts of youth and unemployment, theories of unemployment, factors of youth unemployment, consequences of youth unemployment, research questions, variable specification and conceptual framework of the study.

Chapter three covers description of the data source, study design and methodology which include, study area, study approach, design and target population, data sources and survey method, sampling procedure, data collection process, methods of data analysis, variable description and ethical consideration.

Chapter four covers study results which include demographic and socio-economic profile of the respondents, some characteristics of unemployed respondents, bi-variate and multi-variate analysis.

Chapter five covers, conclusions and recommendations.

Chapter Two

2. Review of Related Literatures

2.1 The Concepts and Definitions of Unemployment and Related Terms

2.1.1 Youth

The operational definition of youth varies widely from country to country depending on cultural, institutional and socio-political issues. In industrialized countries, the lower age limit usually corresponds to the statutory minimum school-leaving age, whilst the upper limit tends to vary more widely. In Britain, for example, “youth employment policy” generally refers to policies targeted at the 16-18 year old age group whilst in Italy the term is used to describe policies for people aged between 14-29 in Northern Italy and 14-32 in the south (O’ Higgins, 1997).

Developing countries often have no minimum school leaving age and the standard reporting of the labor force can begin as early as ten years of age (Ibid). In the context of Africa, such an approach (15-24) has its limitations because of the nature of youth. On the one hand, children are often called up on to help out with family work in the field or the market place well in advance of their fifteenth birth day; on the other hand, generational distinctions within an extended family, or assigned responsibilities and dependence relationships within a community framework, limit the applicability of 24 as the cutoff date for youth. Consequently, one observes in Africa a demographic fastest in the lower age groups and where the transitions from childhood to youth and from youth to adulthood would not be clearly defined (Nigam, 1986). However, the standard United Nations definition states that youth include people between 15 and 24 years of age (UN, 1992). Following the Ethiopian definition, in this study, youths are defined as persons in the age group 15 to 29 years of age (MOY, 2004).

2.1.2 Unemployment

There is little agreement and a great deal of confusion is among countries as to what constitutes “work” or “no work”, ‘employment’ or ‘livelihood’. The employment-unemployment dichotomy also fails to include a far more significant marker of economic activity for youth and most other urban dwellers, namely underemployment, the kind of work that is common place in big African cities but that is difficult to quantify because it may be short, irregular, hidden, etc.(Sommers,2010). To make it formal, unemployment is of different types. These include the following concepts (Todaro 1994):

- **Voluntary Unemployment:** if individuals are experiencing unemployment because of non-availability of job opportunities at or above their reservation wage. Reservation Wage: is the minimum wage rate at which individuals will be induced to participate as they consider the wage rate to be acceptable.
- **Involuntary Unemployment:** if individuals are experiencing unemployment because of non-availability of job opportunities at the going wages.
- **Open Unemployment:** is a situation in which people willingly withdraw themselves from jobs relying on other with of support and unwillingly, when they are searching for jobs but are unable to find one.
- **Under Employed:** it includes those working less than they would like to work.

According to Ehrenberg and Robert S. Smith, (1996) unemployment is divided into four types:

- **Frictional Unemployment:** it occurs when an individual is out of his/her current job and looking for another job. The time period of shifting between two jobs is known as frictional unemployment. This condition arises because labor markets are inherently dynamic; information flows are imperfect and because it takes time for unemployed workers and employers with job vacancies to find each other. Even if the size of the labor force is constant, in each period there will be new entrants to the labor market searching for employment while other employed or unemployed individuals are leaving the labor force. Some people will quit their jobs to search for other employment. Moreover, random fluctuations in demand across firms will cause some firms to close or lay off workers at the same time that other firms are opening or expanding employment. Because information about the characteristics of those searching for work and the nature of the jobs opening up cannot instantly be known or evaluated, it takes time for job matches to be made between unemployed workers and potential employers. Hence, even when, in the aggregate, the demand for labor equals the supply fractional unemployment will still exist.
- **Structural Unemployment:** it comes about due to the structural changes within an economy, i.e. when there is a mismatch of skilled workers in the labor market. The cause might be geographical immobility (difficulty in moving to a new location), occupational immobility (difficulty in learning a new skill) and technological change (introduction of new techniques and technologies that need less labor force). It depends on the growth rate of an economy as well as on the structure of an industry.

- **Demand Deficient (cyclical) Unemployment:** is associated with fluctuations in business activity (the business ‘cycle’), and occurs when decline in aggregate demand in the output market causes the aggregate demand for labor to decline in the face of down turn in an economy.
- **Seasonal Unemployment:** is a type of unemployment that occurs due to the seasonal nature of the job. It is similar to demand deficient unemployment in that it is induced by fluctuation in the demand for labor.

Although, different scholars defined unemployment differently, the ILO’s definition of unemployment, which is now the most widely used, is based on three criteria which have to be met simultaneously. The unemployed comprise all persons above the minimum age specified for measuring the economically active population who during the reference period were without work, currently available for work, and seeking work (LIU et al 1999). Thus, a person is classified as unemployed if she/he meets all these three conditions.

- **Without work:** those who are not in paid employment or self employment as specific by the ILO’s definition of employment.
- **Currently available for work:** those who are available for paid employment or self-employment
- **Seeking work:** are those who had taken specific steps in as a specified recent period to seek paid employment or self-employment.

It was felt that the standard definition of the unemployment, with its emphasis on seeking work criteria, that is to take active steps to look for work might be somewhat restrictive and might not fully capture the prevailing employment situations in many developing countries where the labor market is largely unorganized or of limited scope, where labor absorption is at the time in adequate or where the labor force is largely engaged in the informal sector or self-employed. Hence, Ethiopia like some other developing countries utilized a relaxed definition for seeking work and adopted the availability criteria rather than restricting only and the actively seeking work criteria (CSA, 2010).

Following the CSA (2010) definition, in this study, the unemployed population consists of those who are not working but currently available for work during the reference period. This includes those who are and are not actively seeking for work or discouraged job seekers refers to persons who want a job and are currently available for work but who have given up any active search for work because they believe that they cannot find it. Therefore, the unemployed youth consists of those who are not

working, but currently available for work during the reference period (last seven days) of age 15 to 29 years.

2.2 Analytical Levels of Youth Unemployment

Various studies have developed several theories on various analytical levels which try to explain the emergence of youth unemployment.

- **Macro level :** There are factors of influence on a macro-level which are also referred to as structural explanations for unemployment(Hammer,1997).Structural explanations focus on the characteristics of the labor market and the institutional context, like rules, regulations and the social welfare system. More over they occur on a level that is beyond individual's control (Nordenmark, 1999) and are assumed to determine cross-national variation in unemployment (Breen, 2005)
- **Meso level:** Social networks are also other factors that influence the chances of becoming unemployment. For instance social networks can be used to find jobs and provide support during the job search process (Flap et al 2001). Besides providing resources that can help find vacancies, social networks can also influence a person's norms and values by means of socialization process (Erickson, 2001, Holzer, 1988).
- **Micro-level:** Individual factors influence the chance of becoming unemployed. In addition to demographic characteristics, various theories such as the human capital theory aim to clarify the influence of personal characteristics on the likelihood of becoming unemployed. It refers to the stock and knowledge embodied in the ability of a person specifically with regard to his or her occupation or in general. It is the skills and knowledge gained by workers through education and work experience (Becker, 1964). It is generally believed that more education, vocational or university, will lead to better job opportunities (Breen, 2005) and education is expected to provide an insurance against unemployment (Fernandez, 2006). Besides education, work experience is another way in which the individual can accumulate more human capital and will increase the chance of finding a job quick.

This study focuses on local level, and specifically on individual's demographic and socio-economic factors of unemployment.

2.3 Theories of Unemployment

2.3.1 Human capital theory

Human capital and Modernization theories underpin the role of education and training on unemployment reduction. Human capital as the stock of potential physical and mental attributes such as knowledge and intelligence, talents and skills, motivations and energy which can be invested in through health, education and training where economic, social and time resources are spent to increase the individuals' productivity and enhance their performance(Becker 1964). Therefore, it refers to the skills, education, health and training of individuals. In addition, human capital theory paints apposite picture of higher education, portraying it as providing the skills needed to perform complex jobs, making people more productive, thus sustaining economic growth. People with the most human capital are said to be the most productive and thus secure the best jobs and the highest salaries (Allen and Dewert 2007). Up on acquiring the lacking human capital, a promotion to a higher position will follow, to more adequately match the level of human capital that an individual possesses (Cheswick and Miller 2007).

On the other hand Credentials theory, questions whether post secondly education provides necessary skills used in employment. In their view point, skills are by and large acquired on the job, and employers see education as a predictor of the future productivity and trainability of employees (Boudarbat, 2009).

2.3.2 Social capital theory

Coleman (1988) argues that Social Capital is changes in the relations among persons that facilitate action. It focuses on the existence and nature of relationships. He identified three forms of social capital: obligations and expectations, which depend on trust worthiness of the social environment, information flow capability of the social structure, and norms accompanied by sanctions. The existence of these forms of social capital within the family or outside the family could have significant implication for a person's Labor market out comes. Example, in trying to find a job for the young person, a family member may be able draw on connections with persons he previously served in some way, expecting now to be paid back or family might be connected to a community or network which carries significant information about jobs which may have not existed otherwise. There may also be norms such that those with in the circle are taken care of or helped when in need which might facilitate the process of looking for a job.

While strong ties are frequent, emotionally intense ties with friends, advisors and co-workers and the information possessed by any member of this circle is likely to be quickly shared with the other members, being thus redundant with the information possessed by the other members, weak ties are infrequent, not emotionally intense, and restricted to one narrow type of relationship. Therefore, individuals with few weak ties will be deprived of information from distant parts of the social system and will be confined to the provincial news and views of their close friends, (Granovetter, 1973).

2.4 Demographic and Socio-Economic Factors Explaining Youth Unemployment

The labor market like any other markets has both supply and demand sides. The supply side, also called the labor force or the economically active population, has two components: the employed and the unemployed. The demand side on the other hand consists of jobs (filled posts) and job vacancies (unfilled posts) (Husmanns, 1989). There is no consideration where labor demand equals labor supply at equilibrium wage rate (Olsson, 2009). The prevailing situation in countries around the world is instead the demand for labor is less than the supply due to the higher than equilibrium wage rate and hence there is an excess supply of labor. This gap between the supply and the demand for labor referred to as unemployment. It is important to understand the causes of unemployment and its consequences for possible intervention. In this section, the causes of youth unemployment will be discussed.

2.4.1 Demographic factors explaining youth unemployment

2.4.1.1 Age differentials in youth unemployment

For reasons of comparison and to address differences in unemployment trends that might be revealed distinction will be made between teenagers (15-19) and young adults. Differences will be observed in youth age which can have impact on their employment outcomes. For a majority of countries of the world, as teenagers (15-19) age and become young adults (20-24) and as young adults become prime age adults (25-64) the unemployment rates fall (O' Higgins, 2001). Using the most recent statistics in Vietnam (1999) the highest rate of unemployment is found among males and females at 15-19 (11 percent) years of age, followed by the age group of 20-24 (7 percent) (Anh *et al.*, 2005/09)

Using data from the Ethiopian urban socio-economic survey 1994 to 2000, finds high urban youth unemployment in Ethiopia with more than 50 percent. Between the periods 1994-2000 teenage youth unemployment increased and was higher for women (Astatike, 2003). In addition, studies by using data from the Ethiopian urban socio-economic survey on four major cities of Ethiopia by comparing

the situation 2004 with 1994 also founds that on average youth unemployment remains high during both period. Average unemployment declined in 2004 except for the age group 15-19 which increased by 18 percentage point. The rate goes down as one advance to the higher age group. This might be due to the fact that as age increase, people get more education, trainings and experiences and hence better employment opportunities (Fikre, 2011).

2.4.1.2 Sex differentials in youth unemployment

The issue of gender inequality can be considered as universal features of developing countries. Unlike women in developed countries who are, in relative terms, economically empowered and have a powerful voice that demands an audience and positive action, women in developing countries are generally silent and their voice has been stifled by economic and cultural factors. Economic and cultural factors, coupled with institutional factors dictates the gender-based division of labor, rights, responsibilities, opportunities and access to and control over resources. Education literacy, access to media, employment, decision making among other things are some of the areas of gender disparity. (E S P S 2008)

One of the areas of disparity between males and female is related to the difference in their employment status which is manifested by occupational segregation, gender –based wage gaps, and women's disproportionate representation in informal employment, unpaid work and higher unemployment rates (UNFPA, 2005).

Countries have distinct patterns in terms of the prevalence of unemployment among young women and men. For organization for economic co-operation and development (OECD), countries the ratio of female- to- male youth unemployment stayed fairly stable and close to one with slightly higher levels of unemployment for females throughout the 1990s while, in developing countries, patterns revealed a different picture when rural versus urban unemployment rates were considered for both sexes. In urban areas, female unemployment proved to be much higher than for males. The primary out-of-the labor force activity for women was house work, while for young men it was education (O'Higgins, 2001).

Study also indicated that, in urban areas of Tanzania, in 1990-91, teenage unemployment rates were slightly higher for young women (33.8 percent) than young men (30 percent). However, the real difference lies in the situation of young adults (20-24). Women in this age group faced an unemployment rate of 25.7 percent, almost twice the rate of men (13.5 percent). Studies in the same year (1990-91) also indicated that, in India, women are again disadvantaged when trying to gain

access to employment. When employment in urban areas alone is considered, the unemployment rates are higher for young women than young men. In the case of young adults, the differences are particularly striking. Young adult women face urban unemployment rates that are more than 11 percentage points higher than male counterparts, with the difficulties facing young women increasing significantly as they move into their twenties. Studies in 1996, in Indonesia also indicate that, young women face higher unemployment rates than young men (O'Higgins, 2001).

ILO (2004 a) also confirms that, the activity rate of young male has consistently been much higher than that of young females. This difference originates largely from the different opportunities society provide to men and women, from cultural conception of the role of the two gender in society, as well as from the fact that household activities and certain forms of production for personal or household use.

Lack of employment is also more severe for women than for men as 63 percent of economically active women are unemployed whereas 53 percent of men remain without jobs in South Africa. The reason for these problems was that, girls spend more time doing domestic work than boys, leaving them with less time for study, this leads to poorer performance in school and sometimes withdrawal from school on grounds of poor academic performance (Mlatsheni and Rospabe, 2002). Studies in East Africa, Nigeria, and Vietnam also indicate that, Girls end up with less education and fewer skills than boys, this increases discrimination against them in the labor market (Haji, 2007, Okojie, 2003, Anh *et al.*, 2005/09).

The problems of gender inequalities discussed above are very much prevalent in Ethiopia. Women are underrepresented in the formal sector of employment. The survey conducted by the Central Statistical Authority (CSA, 2004) showed that women account for less than half (43 percent) of the total employees in the country. Astatike (2003) using data from Ethiopia urban social-economic survey from 1994 to 2000 finds high unemployment for women. Also, Serneels (2004), using the 1994 Ethiopia urban socio-economic survey studies the incidence and duration of unemployment in urban Ethiopia emphasizing on the youth. According to this study, in the year 1994 Ethiopia's urban unemployment rate was one of the highest in the world with male unemployment standing at 34 percent and the urban youth unemployment rate was even higher at 50 percent. In addition to the above studies, Denu *et al* (2005/07) also study the characteristics and determinants of youth unemployment and under employment in Ethiopia from 1984-2001. They conclude that youth is substantially affected by unemployment and significant differences exist within the youth group

across location (Urban-rural), gender and education. Unemployment for the youth women was 17.3 percent in 1999 while it was 6.9 percent for their men counter parts. Women in urban Ethiopia are relatively more affected by unemployment and they are paid lower wages (World Bank, 2007). A study also indicates that the unemployment rate among young women (20-24) was 38.7 percent while it was only 23.2 percent for young men in that age category (Berhanu *et al.*, 2005).

According to urban employment and unemployment survey report of 2009 (CSA, 2010) out of the unemployed persons 41.2 percent were female youth. The above information indicates that the problem of unemployment is more common among women than men.

2.4.1.3 Migration and youth unemployment

According to National Geographic Society (2005), Migration (human) is the movement of people from one place in the world to another for the purpose of taking up permanent or semi permanent residence, usually across a political boundary. It occurs at a variety of scales: international and national or within countries. One of the most significant migration patterns has been rural-to urban migration.

In all cases rural exodus continues to be a problem. Many young people migrate to urban areas to find a job with higher remuneration, but jobs in urban areas are not easy to find. Urban employment generally accounts for only a small share of total employment once in the cities, these young people might face unemployment as well as under employment (UN, 2003). Migration to urban areas can also be attributed to other non-job-related reasons including the desire to live in an urban area with more amenities.

The rural-urban migration contributes a larger urban labor supply that has produced an increasing urban unemployment rate (Gundogan, 2009). According to Todaro (1989) argument, the problem of unemployment has been serious in developing countries and the proportion of unemployed population grew from time to time due to rural-urban migration.

Migration can occur at any age but several migration studies have shown that the vast majority of migrants are concentrated in the young adult age group (20-30) years (CaldWell, 1969). Mlatsheni and Rospabe (2002) also explained that there is a strong association between age and migration which universally noted; gross migration occurs more frequently among youth at the start of their economically independent life time than it does at progressively later age.

According to Stiglitz (1974) unemployment in developing countries like those in East Africa is a result of rural to urban migration motivated by the high wage differential. Noveria (1997) on the other hand states that the causes of rising unemployment in urban areas in LDCs are education expansion, urbanization which results in rural- urban migration, population growth and job aspiration. The National Bureau of Statistics (NBS 2002) of Tanzania have also revealed that the problem of urban unemployment was notable high and this was mainly because of rural to urban migration in which labor supply out strips demand.

Like in many other developing countries, the overwhelming majority of the urban in-migrants of Ethiopia are young adults, single, female and educated compared to those who remain at the origin (Abdurhaman, 1987). The National Labor force Survey (1999) indicated that 63 percent of the total migrants in the country were under the age of 30. The largest group (26 percent) of migrants fall in the age category of 15-19, followed by the age category of 20-24 (21 percent) and 25-29 years old (16 percent). However, (CSA, 2000) reveals that 40 percent of migrants are illiterate. The illiteracy rate is 58 percent for the male migrants and 81 percent for the female migrants. Only 1 percent of the migrants are educated beyond grade 12.

According to Bjerer (1985) the pattern of female migration from rural to urban areas in Ethiopia is somewhat different from what is observed in other parts of Africa. While male rural-urban migrants are more dominant in other African countries due to the employment opportunities available for men in urban areas, females in Ethiopia dominate the rural-urban migration. Generally, Rural-urban migrations in Ethiopia are mainly attributed to economic reasons. Among economic reasons the search for employment or job are considered important (Berhane, 1993). This does have a role in the excessively high level of youth unemployment in urban areas of the country.

2.4.1.4 Size of the youth labor force and youth unemployment

The size of the youth is one of the major contributory factors for youth unemployment. Recently much concern has been expressed about the negative consequences of rapidly growing, youth populations in developing countries. While the number of young people in the labor force is likely to decline in industrialized countries, youth populations are likely to increase in less developed areas. The growth rate even accelerates slightly in Africa (O'Higgins, 2001).

The 1984 population and housing census of Ethiopia indicated that 14 percent of the total population fell between the ages of 15-24. The 1994 population and housing census estimate put the share of youth at 18 percent and the 2007 census reports put the share of youth at 40 percent, showing an

increase of more than 26 percent during the last 20 years. According to Ethiopian youth policy definition, youth ages (15-29), accounts for half of the total population of the country. According to CSA, 1984, 1994, and 2007 the percents of the total population felt between the age 15-29 were 20 percent, 26 percent and 55 percent respectively, showing an increase of more than 35 percent during the last 20 years. Obviously, the more young people there are in the labor market the more jobs will be needed to accommodate them.

World Bank (2007) indicates that the potential causes of unemployment in urban Ethiopia include the increasing number of the youth labor force, the rising internal migration and literacy rate. Another study by Astatike (2003) states that some of the most important causes in developing countries especially in Ethiopia are rapidly growing size of the labor force, poor to modern macroeconomic performance, low level of job creation and low level of aggregate demand in the economy.

2.4.2 Socio-Economic factors explaining youth unemployment

2.4.2.1 Education and youth unemployment

Unemployment tends to vary with the educational attainment levels of individuals and related skills. For most of the OECD countries, unemployment rates fall, often dramatically (for example in the Czech Republic, Ireland and the Netherlands), the higher the level of education (O'Higgins, 2001)

In contrast, it is estimated that about 133 million youth (more than 50 percent of the youth population) in Africa are illiterates (ACBF, 2011). Many of them have little or no skills and are therefore largely excluded from productive economic and social life. Those with some education often exhibit skill irrelevant to current demand in the labor market institution where educational and skill requirements are increasing, resulting in millions of unemployed and under employed youth. Studies in countries of southern Africa also indicated that, the unemployment rates of tertiary-level graduate are negligible compared with those with lower levels of education. In Namibia the unemployment rate of university graduates in 1997 was 3.4 percent, compared with 39 percent for those with only primary education (O'Higgins, 2001). Similarly, a study in Turkey indicates that, effects of unemployment decreases with the level of education. Individuals with four or more years of university education have significantly higher probability to be employed than the illiterates (Tansel *et al* 2004).

On the other hand, in developing countries, it is often claimed that youth unemployment is concentrated among the better educated. University graduates are the most affected by youth unemployment. This has led many to question the capacity of higher education institutions in this region to provide youth with skills and knowledge adapted to the needs of the Labor market. Equally, technical and vocational training have been far in between (ACBF, 2011).

Unemployment is not evenly spread among youth people. Just which groups are most at risk will vary according to differing circumstance, but there are certainly three groups of young people that seem repeatedly to be subject to a higher incidence of unemployment than others: those with low levels of educational attainment; the disabled; and ethnic minorities. Information on the unemployment rates of disabled young people is minimal, but little evidence indicates that they encounter significant difficulties in entering the labor market (O' Higgins. 2001).

Denu *et al* (2005/07) study the characteristics and determinants of youth unemployment and under employment in Ethiopia from 1984-2001. They conclude that the youth is substantially affected by unemployment and significant differences exist within the youth group across location (Urban-rural), gender and education. Regarding education, 44.5 percent and 32.6 percent of the unemployed youth were illiterate or had only primary education.

Using data from the Ethiopian urban socio-economic survey from 1994 to 2000, Haile (2008) studies the nature of self-employment and finds that the young, the educated, those that migrate to urban areas recently and those without parents are less likely to be found in self-employment. High risk of unemployment was found among those who have completed secondary level of education in urban Ethiopia (CSA, 2004)

2.4.2.2 Work experience and youth unemployment

Human capital can not only be acquired by means of following education, but also on the job. It is expected that over time there is an erosion of human capital that is acquired during the educational career. The obtained human capital ages, this aging of human capital is compensated through additional skills and knowledge in the form of general human capital, but also job specific capital, which are acquired while working (Roman, 2006). Having worked in a certain profession, makes the person more experienced in the specific profession and in cases more capable. Having the experience provides apposite signal of productivity. Employers are usually hesitant to hire young people who have little or no practical work experience. The costs to retrain and/or up grade skills are often too high for them to hire workers without skills and experience. (Anh *et al*, 2005/09).

Thus, youths are always suffering from the lack of the work experience, so that; they spend considerable time in looking for a job, and more time in looking for the appropriate job (ILO, 2008).

2.4.2.3 Motivation to work and youth unemployment

In addition to the effect of human capital, another factor of influence is the extent to which persons is motivated and committed to work and find job. It is obvious that in order to find and keep a job, the youth job applicant needs to be motivated and must feel a commitment to work. If the youth himself does not feel like making the transition from school to work and prefers to rely on his/her parents or social welfare, it can be expected that the chance he/she will successfully participate on the labor market will be smaller. Researchers like Wiener *et al*, 1999 and DeGoede *et al*, 2000, have distinguished three different factors that determine a person's motivation.

The most common known factor is the extent to which a person's values promote a working career. Society in general tries to foster a work ethic/value where people are expected to be economically independent. After institutional provisions have provided the youths with opportunities to earn a starter qualification, people are expected to become independent as much as possible. A lower attitude toward work/work ethic/value is accompanied with passivity regarding the job search and application process, but also a critical attitude towards the jobs that are available (DeGoede *et al*, 2000). Youths with a strong attitude toward work/ work ethic will work harder and be more motivated to find a stable job, while they value a successful working career as very important. In case they become unemployed they are expected to work harder to find a job and will also be less critical towards the jobs that are available (Hammer, 1997).

The strength of the job search and the motivation to work furthermore depends on the need for a job, which is driven by financial requirements/ responsibility. Especially when other are depending up on the income of unemployed or when the person is used to a certain level of income, he or she will feel more obliged to find a job quick (Wiener *et al*, 1999). Research on the effect of marriage on wages has indicated that the wages of men on average increases as soon as there get married (Korenman and Neumark 1991). It is expected that due to the increased responsibility for the wealth of his spouse, children as well as potential descendants, they will perform better and be more productive. This increased productivity will also lead to a decreased chance become unemployed.

Finally, motivation is influenced by health status. A low health status is characterized by recurrent feelings of powerlessness, hopelessness, low self-esteem, and so forth (Taris, 2002). Having a low health status is furthermore assumed to be related with negative judgments about a person's own

capabilities to organize and execute courses of action required to attain designated types of performance. These judgments are not directly related to the actual skills one has. People with a low health status are expected to feel discouraged to enter the labor market for reasons that they believe there will not be able to cope with the expectations (Wiener *et al*, 1999). Similarly, it is expected that unemployed with a low health status will feel less able to influence aspects of their state of unemployment than others. The expectation of success is an important determinant of the intention to conduct a particular behavior. Those who will feel less able to change their situation will be less motivated to do and will be less inclined to search actively for a job.

2.4.2.4 Job preference and youth unemployment

Studies in Nigeria and East Africa indicted that educated youth prefer wage jobs in the formal sectors and would prefer to remain unemployed until they obtained, the type of job they prefer (Okojie, 2003, Haji, 2007). Also studies by (ILO, 1991) in Tanzania found that, instead of looking for gainful employment, self or otherwise, the youth waited for the government to find employment for them. When the government unable to offer jobs most youths remained unemployed.

Research in Nigeria indicated that most young job seekers preferred employment in the organized private sector (Echebiri, 2005). On the other hand, a large proportion of youth also preferred to work in the public sectors. For instance, youths from Ethiopia and Tunisia are prepared to wait for a long time for a public sector job instead of actively seeking a job in the private sector or starting a business on their own (Adenikinju and Oyerani, 2004).

2.4.2.5 Job search networks and youth unemployment

Individual's social environment is likely to have an influence on the likelihood of finding a job of person with in that social environment. A person's net work can be used as an instrument in order to find the proper job, but besides providing such resources it can also influence a person's norms and values or work ethic by mechanisms of socialization (Hammer, 1997) and the morale during the job search process by providing support (Ultee *et al*, 1988).

Among the most important theories that deal with the influence of a person's social capital on his or her job opportunities is the informal job search net works theory. Studies have shown that within the job-search process social contacts provide important opportunities to find a job. The role of social network within the job search process has been discussed since a long time by one of the several sociologists and it is well known that between one-third and two-third of the people hear about or

obtain job through friends and relatives (Granovetter, 1973). Moreover job, which are found through informal contacts have seen associated with higher earnings and more prestigious occupations.

The effectiveness of the search for jobs by using social networks seems to depend heavily on the kind of social links (Fontaine, 2008). For example jobs can be found through strong ties (close friends and family) or weak ties (acquaintances or employee referrals). Weaker ties tend to result in a broader range of jobs that can be reached and therefore increase the chance of finding a job that suits the adolescent qualifications but stronger ties increase the likelihood of having about a certain vacancy (Granovetter, 1973). Furthermore networks can differ in the effectiveness of locating employment quicker, or locate better jobs. Networks with more people with a higher socio-economic status are expected to be more effective (Lin, 1986). Even more important than the socio-economic status is the number of people that are unemployed with in a person's network. The chance that a person hears about vacancies diminishes heavily when a person is unemployed (Flap *et al*, 2001).

Youths with a network that contains more ties that can lead to vacancies will increase the likelihood of finding a job and will therefore so unemployed less often. It is however, expected that individual and network influences are to some extent inter dependent. As well as providing a network, it is assumed that social capital can also influence the motivation to work and the effort a person puts in searching for a job on the individual level. Studies have noticed the phenomenon of unemployment concentration within families and friend ship networks. The conditions unemployment concentration exists when unemployment is concentrated among two or more members of a family or among a number of people with in a network of friends (Nordenmark, 1999). Studies pointed out that unemployed people have significant more contact with people who are also unemployed. Besides studies indicated that a tendency for employed husbands to have employed wives and for unemployed parents to have unemployed children (Ultee *et al*, 1988).

Hence, it is expected that longer unemployment can also in itself affect people's life style and behavior and that unemployed young people may develop subcultures (Hammer, 1997). With in such subcultures people develop attitudes towards work and obligations that are in opposition to attitudes which stimulate working and being part of the labor force (Ibid). More over successive periods of unemployment may therefore be explained by reproduction of norms and values in such sub cultures that lead to little investment in stability, work and the traditional way of life (Carle, 1987).

2.4.2.6 Family characteristics and youth unemployment

Family characteristics exerted an influence on the employment probability of the individual. Studies have shown that young people from lower social classes (this is usually operationalized with reference to parents' occupation or educational level) especially those with little or no education, have a very vulnerable position in the labor market (Hammer 1997). Education in particular seems to protect against unemployment, and increasing the number of places in education is one important strategy to reduce youth unemployment. The higher the level of education of the father, the lower is the probability of having been recurrently unemployed. This relationship is particularly significant for young males. The tendency is the same for mothers' education, but not significant.

Feldstein and Ellwood (1982) find that for American males teenage unemployment is concentrated in a group that experiences long periods of unemployment. This group is characterized by low level of education and low family income. Similarly, Lynch (1987, using a longitudinal survey of London youths, finds individual characteristics such as ethnicity, parental unemployment, and educational qualifications significant in determining the likelihood of unemployment. Goldfarb and Yezer (1983) also found that family income is significant and positive for the younger teens.

Garner *et al* (1988) found that there is no effect of the overall unemployment rate on youth unemployment. Instead they find for Scottish cities that although unemployment varies across the area of the cities, the variation is attributable to personal characteristics rather than the nature of the areas. They found father's employment status and educational qualifications to matter the most. Studies by Miller (1998), using the 1991 Australian Census of Population and Housing, found that young people with unemployed parents or unemployed siblings and young people in low family income households are among those who experience exceptionally high unemployment.

On the other hand Rees and Gray (1982) found no significant relationship between parent characteristics and income and youth labor market outcomes; parent income was however, significantly and positively related to youth wages.

Furthermore, siblings' job situation is more likely to affect a young person's job situation positively (Rees & Gray 1982). A study in Vietnamese youth indicates that family income serves as an important factor in determining the employment experience. Also states that family in which a young person lives is the strongest predictor of his/her future in the job market. Family economic status, paternal occupation, education and parental divorce are notable factors (Anh *et al*, 2005/09).

A lot of research on the other hand has also found that parental divorce increases the risk of unemployment among youth. In a longitudinal study of Washington State's sample of students, Caspi, Moffitt, Wright and Silva (1998) found that family conflict and parental divorce were strong predictors of children's unemployment. The relationship seems to be clear: The proportion that had been unemployed 3 times or more was clearly higher for those who had experienced parental divorce (46 percent against 37 percent).

Krishnan (1996) studies the role of family background and education on employment in urban Ethiopia and finds that family background (especially father's education) strongly affects entry to public sector employment but it is not significant in determining entry to lower status private employment. In addition, Serneels (2004), using the 1994 Ethiopian urban socio-economic Survey studies the incidence and duration of unemployment in urban Ethiopia emphasizing on youth, concludes that Mother's education may play a role but father's education has a strong effect for labor market performance in urban Ethiopia.

2.5 Consequences of Youth Unemployment

Youth unemployment is recognized as a serious societal problem, but it has other repercussions. Having a job and being in a working environment provides opportunities for developing social contacts and self reliance, learning and showing initiative. Unemployment is expected to have a negative influence on the general well being of the individual (DeGoede, *et al*, 2000). Adolescents are especially vulnerable for the negative effects of unemployment, since a adolescence is seen as an important life stage in terms of psychological development and identify formation in particular (DeGoede *et al* 2000). Being unemployed in this period can start a process of social exclusion, with potential long-term effects. It is for this reason that youth unemployment has been high on the political agenda since the unemployment rates among the youth increased sharply with in the eighties.

Unemployment has social as well as economic consequences for young people. Unemployed young people are forced to find alternatives to generate income, including activities in the survival type informal sector and, in extreme cases, criminal activity. Urban youth unemployment is further exacerbated by rural-urban migration. Rural migrants believe 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, and some turn to the sex, criminality and drug industries to survive (Ogbu and Ikriana, 1995).

2.5.1 Crime and Violence and Youth unemployment

Some young people enter the criminal world at a very young age and end up becoming victims of crime themselves. The death rate attributable to violence in Africa is estimated at 60.9 per 100,000 people—more than twice the global rate (WHO 2004a). According to the Nairobi Youth and Crime Survey, the most common major offences for which young offenders were arrested were theft, assault and drug possession (UN-HABITAT 2004b).

2.5.2 Commercial sex work and Youth unemployment

In Developing Countries particularly in Africa, lack of job opportunities and disadvantageous social role (both in terms of assets (education and health) and cultural norms) have driven many young women and girls in to sex work (ILO, 2005). The demand for commercial sex workers from international tourism flows to Africa is on the rise. In Madagascar, for example, sex tourism has challenged the well-being of poor unemployed young women, who often struggle with hunger and destitution. In Kenya the boost in foreign tourism led to an increase in the number of commercial sex workers, as already occurred at Kenya's beach resorts. Cameroon faces the same type of problem. And in Ethiopia young unemployed women are unwittingly drawn into prostitution, which also appears to be linked to rural-urban migration (Meares 1996).

Another repercussion of unemployment closely linked to prostitution is higher HIV prevalence. Surveys of sex workers in some urban areas between 1998 and 2002 indicate extraordinarily high prevalence rates—for example, 74 per cent in Ethiopia and 50 per cent in South Africa (UNAIDS 2004).

2.5.3 Drug abuse and Youth unemployment

Young people not attending school, living on the street and outside the reach of mainstream services, are more likely to abuse illicit substances than are employed young people. In Sub-Saharan Africa, the main drug used by adolescents is *Cannabis sativa*, or marijuana, which in 2002 accounted for 99 per cent of seizures made by the authorities, with 34.6 million users representing 7.7 per cent of the continent's 15-24 year-old population. In other parts of the world, such as the United States and Europe, Cannabis accounts for over 90 per cent of all youth drug use.

Drug abuse decreases young people's possibility of finding employment and results in additional costs to the economy (UN, 2003).

2.5.4 Costs and youth unemployment

Unemployment comes up with costs. According to Feldstein (1997), one who wants to analyze the costs of unemployment should start by disaggregating. The costs of unemployment can be classified broadly as private costs and social costs. The private costs of unemployment are those costs borne by the unemployed themselves. The social costs on the other hand refer to those costs to the nation at large and can be the cumulative result of private costs. In this approach, the cost of unemployment can be seen as the opportunity cost of unemployment to the nation i.e., the cost is the national income forgone (Feldstein, 1997 and Astatike, 2003).

Unemployment particularly youth unemployment, results in a waste of economic resources such as the productive labor force and thereby affects the long run growth potential of the economy. It gives rise to increased crime, suicides, poverty rates, alcoholism and prostitution (Rafik *et al*, 2010 and Eita *et al*, 2010). These evils in turn come up with a cost (cost of crime prevention) and channel resources to their prevention which rather could have been used for other developmental purposes.

Unemployment may also have a scary effect. Previous spell in unemployment has a discouraging effect on future participation in the labor force, earnings and welfare in general (Astatike 2003).

2.6 Research Questions

In line with the objectives of the study and literature review, the study aims to answer the following main research questions.

1. What demographic factors explain unemployment of youth in the study area?
2. What are the roles of social network and motive towards work in explaining youth unemployment?
3. What is the association between individual's educational status and youth unemployment?
4. What are the roles of work experience and job preference in explaining youth unemployment?
5. What is the association between family's income, educational status and youth unemployment?
6. What is the magnitude of youth unemployment in the study area?

2.7 Variable Specification

Dependent variable: Employment status among those who are aged 15-29 years. In order to measure the risk of unemployment, respondents who are 15-29 years old will be asked a key question “were you engaged in any kind of productive activities which mainly include work for payment, for family gain or profit, for consumption from own product in last seven days?”

Independent variables: In this study, the predictor variables include those demographic and socio-economic factors. These are:

➤ Demographic variables

- Age
- Sex
- Migration status
- Marital status

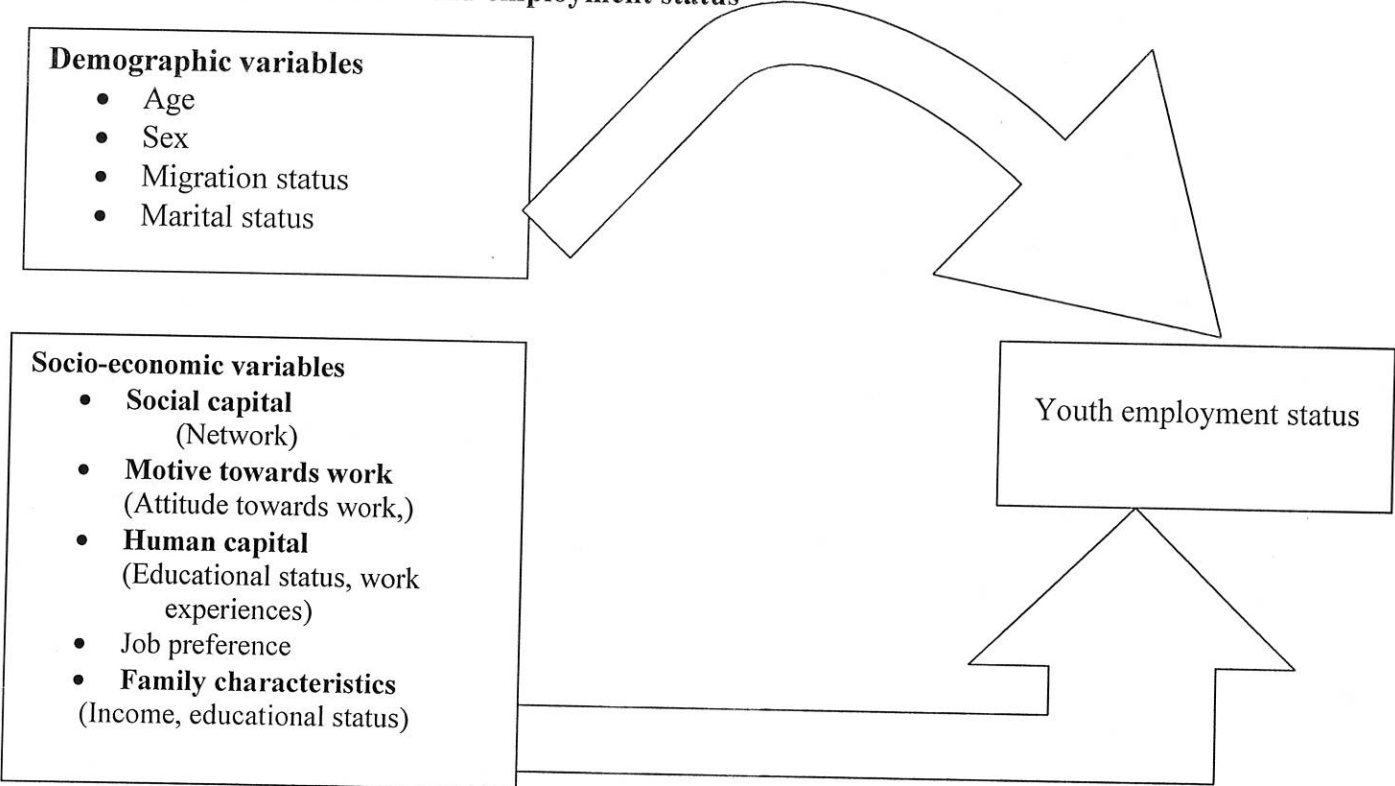
Socio-Economic variables

Human capital
(Educational status, work experience)
Social capital
(Network)
Motive towards work
(Attitude towards work)
Job preference
Family characteristics
(Income, educational status)

2.8 Conceptual Framework of the Study

In line with the above objectives and review of related literature, a conceptual framework for this study, was developed by the researcher. The determinants of youth unemployment are categorized in to two major characteristics, i.e., demographic and socio-economic characteristics.

Fig.2.1, Conceptual framework of the study: Schematic presentation of demographic, socio-economic characteristics and employment status



Source: Constructed by the author from review of related literature, 2012

Chapter Three

3. Data Sources, Study Design and Methodology

3.1 Study Area:

The study area is located in South West Shewa Zone Oromia National State, Ethiopia. It is a zone capital, which is found at a distance of 115km from Addis Ababa to the South West of the country, on the main road of Addis Ababa to Jima. The town has four kebeles. According to the 2007 population and housing census of Ethiopia (CSA, 2008), the town had a total population of 37,867: of which 18,868 were male and 18,998 were female. From the total population 16,338 (43%), were youth in the age group 15-29. And it has a total area of 12.93km². In addition, the Density of population per km² of the town is 3,467.2.

Woliso town has been growing very fast in the last five years. Varieties of informal sectors, manufacturing, hotels, petty trading, construction activities, are expanding. It is also a receiving place for tourists who come to visit the Wonchi tourist site. According to investment office annual report (2012), new investment in manufacturing (31), constructions (54), petty trading (28), tourism (hotels and restaurants) (54), education (11), and health (2) projects with the paid up capital of 1.2 billion birr were invested by 148 investors (2007-2011). These investments opened employment opportunity for 5,081 persons. In addition there are two government and three private owned higher institutions such as Ambo university woliso branch, Technical and Vocational training college and Oromia-acadamy college, Micro business college and Lukas nursing college, respectively, were also contribute to the development of the town, especially in creating job opportunities for the people.

The town has also increased youth involvement in different socio-economic sectors through entrepreneurship which contributes in solving youth unemployment. According to Microenterprise office annual report(2012), unemployed youths in the town were organized in to different sectors such as food preparation(11) wood and metal work(15) , construction (22), municipality service(3), clothing and dressing(3) and in other services(157). Totally (211) enterprises having 13.5 million birr were organized. These enterprises have opened an employment opportunity for 3,537 youths since 2007-2012. Even though such efforts had been made so far, 1,757 youths were registered as unemployed in the office.

Generally, the activities that had made so far contribute some benefits to the population, especially young. However, as compared to youth size (16,341) the achievement was minimum and hence, it is important to assess the factors in explaining youth unemployment in the town.

3.2 Study Approach, Design and Target Population

Both quantitative and qualitative approach and across-sectional study design were used to find out some socio-economic and demographic related factors of youth unemployment from the target population aged 15-29 years in the town. Multi-stage sampling design and systematic sampling technique were used in order to select respondents from the study area during the reference period. The systematic random sampling technique was used because its application was appropriate to get representative number of youths from each listed households in each selected Enumeration Areas (EAs).

3.3 Data Source and Survey Method

In order to meet the objectives of this study, data on socio-economic and demographic related factors of youth unemployment that refer to one point of time was collected from both primary and secondary sources.

Primary sources: the primary data were collected from youths included in the sample, through household survey based structured interview schedules.

Qualitative data were also collected through focus group discussion (FGDs). It was carried out with those youths who are unemployed at the time of the survey. This is to substantiate the findings obtained through household structured interview schedules. Two focus group discussions (FGDs) were used having seven voluntary members each. The participants were selected on the basis of some characteristics such as sex, age and duration of unemployment by using key informants. This is to capture variety of information which used to explore factors of youth unemployment.

Secondary sources: the secondary data sources that can be obtained from different sources like statistical abstracts, books, journals, and documents of administrative offices were used.

3.4 Sampling Design (Procedure)

3.4.1 Sample size

In determining the sample size, the following assumptions were made.

- The 95 percent confidence interval was used.

- The acceptance error was 5 percent.
- The contingency was 5 percent.
- Non response rate was 2 percent
- The proportion of urban youth unemployment rate in Oromia region (22 percent) was considered. Therefore, the p- value (.22) was used to get maximum number of youth.

The sample size is calculated using the following formula of sample size determination (Kothari, 1990). The formula is given as:

$$n = \frac{\left(\frac{Z_{\alpha/2}}{2}\right)^2 P(1-P)}{e^2}$$

$$n = [(1.96)^2 * .22(1-.22)] / (0.05)^2$$

$$= 263.687$$

Where n= sample size

$\frac{Z_{\alpha/2}}{2}$ = value of the standard corresponding to the desired level of confidence. i.e., a confidence interval of 95% was assumed $\left(\frac{Z_{\alpha/2}}{2} = 1.96\right)$

P= the proportion of youth unemployed for both sexes (0.22)

e= accepted error (0.05)

The above formula applies when sampling techniques is simple random- sampling. But the study used multi-stage sampling techniques. As a result, the calculated sample size should be adjusted by Design Effect Factor (DEFF); which is the ratio of actual variance under the sampling method actually used to the variance computed under the assumption of simple random sampling, usually ranges between 1 to 3 (Ariawan,2005). For this study DEFF (1.7) was used. Hence, n adj= 263.687*1.7(DEFF)

$$n_{adj} = 448.27$$

The sample size was further increased by 2 percent for non-response errors. Therefore

$$= 448.27 + 2 \text{ percent (non-response errors)}$$

$$= 457.24$$

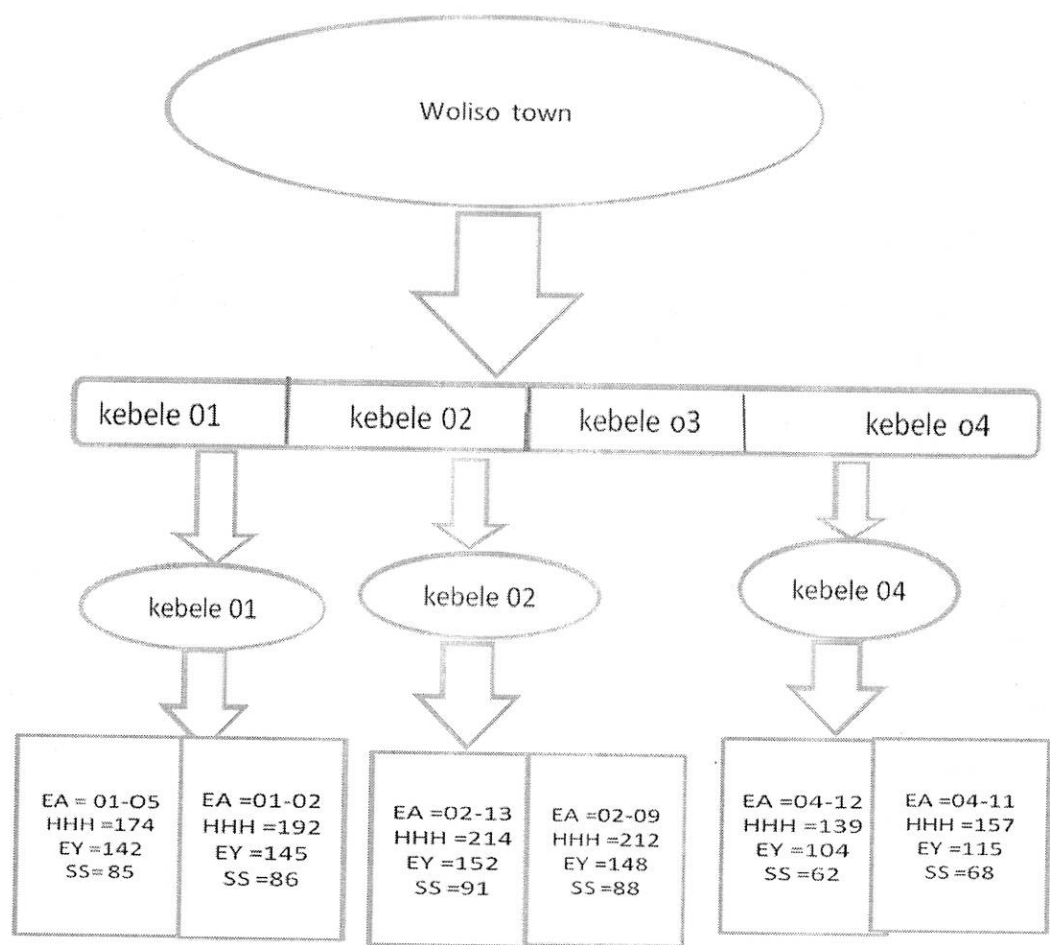
Finally, contingency of 5 percent was assumed and hence the actual sample size was:

$$= 457.24 + 5 \text{ percent (contingency)}$$

$$= 480$$

In each selected enumeration areas (EAs) the sample size was allocated proportionally by using the following formula: $n_a = N_a \frac{n}{N}$ where n_a is sample size allocated for enumeration area “a”, N_a is the number of listed eligible youth in enumeration area “a”, n is the total sample size (480), and N is the sum of all eligible youths listed in the six enumeration areas. The overall sampling procedure was presented by the figure 3.1 as follows.

Figure 3.1 Pictorial presentation of sampling procedure, Woliso town, February, 2012



HHH=Hous
e Hold Head

EY =
Eligible
Youth

SS =
Sample
Selected

EA =
Enumeratio
n Area

From the total sample size (480), the actually covered samples were 462. That is 96.25 percent of the selected samples were covered in this study. The survey questions were administered for 462 youths in selected six enumeration areas. Data from eighteen respondents were not collected. They went to celebrate Christmas with their family.

3.4.2 Sampling technique

In order to identify the respondents, youth who reside in the study area during the reference period, last seven days, multi-stage sampling procedure was used. The town has four administrative kebeles. The selection of eligible participants was done as follows.

At the beginning; three kebeles (01, 02 and 04) out of the four in the town were selected using simple random sampling techniques (lottery method)

Then, Enumeration Areas (EAs) were selected using simple random sampling techniques (lottery method). Two from each selected kebeles, a total of six Enumeration Areas were selected at the beginning of the survey. The study kebeles and Enumeration Areas were selected from the 2007 population and Housing Census list prepared by CSA.

Finally; Fresh lists of households was prepared at the beginning of the survey. By using fresh list of households as sampling frame in each selected Enumeration Areas (EAs), eligible youth population were listed from each household with in selected Enumeration Areas (EAs). In each Enumeration Areas (EAs) to get representative number of eligible youth population, proportion to the sample size was used and samples were selected by using systematic sampling techniques.

3.5 Data Collection Process

3.5.1 Design of interview schedules

The structured interview schedules were originally prepared in English and for the ease of understanding by the enumerators and respondents it was translated in to Amharic to collect data on the socio-economic and demographic related factors of youth unemployment. To facilitate analysis and minimize possible errors the schedules were pre-coded.

3.5.2 Recruitment, training and field work of data collectors and supervisors

To collect the data six enumerators were selected based on certain criteria, like who has completed high school, relevant data collection experience, knows Amharic and local language very well and

they were residing in the town itself. Data collectors from the town itself were selected since they know the culture of the study area to collect the necessary data.

Training of data collectors was conducted for two day, (one day for theoretical and another day for practical). The training covers explaining the purpose, procedure of data collection, how to approach the participants and respecting the consent and ethical values of the respondents.

One supervisor was also recruited based on experience and orientation was given to him on how to supervise, check, coordinate and facilitate situations for data collectors. And techniques of detecting errors and correcting them at a time were also given for supervisor. The orientation was also given on how to minimize the non-response rate through system of revisiting and ensure the quality of data through observation of the interviewing, re-interview of sample youth.

Two Focus Group Discussions (FGDs) were conducted by supervisor, a note taker with the participants. The contents of discussion were factors of youth unemployment and possible solutions. The actual data collection lasts for twenty five days (Jan 16/2012- Feb, 11/2012).

3.5.3 Pilot survey

Pilot survey was conducted on four youths in the city outside the sample Enumeration Areas (EAs) to assess the content, clarity, logical flow of the interview schedules and the time needed on average to fill out a single interview schedule. After practice, discussion was made on the problems faced during field practice and revision was made as needed. After correction was made the data collection process was finalized.

3.5.4 Data quality management

The quality of the data was ensured through properly recruited and trained data collectors as well as through pre-tested interview schedule. Data collectors were closely supervised by the supervisor and researcher and feedback on corrections to be made was given frequently, each filled out or completed interview schedule was checked daily and information was exchanged with the data collectors and supervisors and researchers. Mistakes were corrected at every time of data collection. After the actual field work, the interview schedules were collected from the enumerators.

3.6 Methods of Data Analysis

3.6.1 Quantitative data

The analysis of the data was done by using the statistical package for social science (SPSS)-version 17. Descriptive statistics (frequencies and cross-tabulations), bivariate and multi logistic regression analysis was used.

Descriptive statistics: Brief description of the background characteristics of the respondents was presented in a tabular and graphic form.

Bivariate analysis: The presence or absence of associations between each independent and dependent variable was also assessed by chi-square test.

Multivariate analysis: Multivariate logistic regression analysis was employed to assess the net effect of each determinant factor after controlling for all other factors. Here, since the dependent variable is dichotomous, binary logistic regression model was fitted. The logistic regression model explained as follows:

$$\text{Log} (P (i)/1-P (i)) = \ln (\text{odds}) = B_0 + B_1 X_1 + B_2 X_2 + B_3 X_3 + \dots + B_n X_n$$

The corresponding multiplicative model for the odds is:

$$P (i)/1-P (i) = \exp^{B_0 + B_1 X_1 + B_2 X_2 + B_3 X_3 + \dots + B_n X_n}$$

Where, $P(i)$ is the probability that i^{th} respondent is unemployed and $(1-P(i))$ is the probability that the i^{th} respondent is employed at the time of the survey, B_i 's are the regression coefficients and the X_i 's are the sets of independent variables. From the B_i 's the odds ratio is estimated as $\exp (B)$. The odds ratio is the factor by which the odds of unemployed change per unit change in the i^{th} independent variables, controlling the effects of other variables (Johnson and Wichern (2007).

3.6.2 Qualitative data

Qualitative data was analyzed by organizing the responses of the FGDs and notes obtained from different sources.

3.7 Variable Description

3.7.1 Dependent variable

In this study the dependent variable was youth employment status. In the regression analysis, it was denoted by 1 if the respondent was unemployed; otherwise 0 if the respondent was employed at the time of the survey.

3.7.2 Independent variables

1. Age

Age of the respondents is one of the variables that can be considered in the model. It was categorized as (1) 15-19(teenagers), (2) young adults (20-24) and (3) 25-29 age group. The reference category used in the model was 25-29 age group.

2. Sex

Sex of the respondents is another variable that was used in the model. It was categorized as (1) male, (2) female. The reference category used in the model was male.

3. Migration status

Migration status is also one of the variables expected to influence youth employment status. It was categorized in to (1) migrant, (2) non-migrant. Therefore, in the regression analysis the reference category was migrant

4. Marital status

Marital status is also expected to influence youth employment status. It was categorized in to (1) never married (single), (2) ever married (currently married, divorced, widowed and separated). The reference category in the model was never married (single).

5. Educational levels

Educational level of the respondents refers to the highest grade level completed by the respondents. To see the variation in the level of respondent's knowledge in supporting access to employment, it was categorized in to four groups: (1) illiterate, (2) primary (1-8), (3) secondary (9-12), (4) above secondary education (include college, university level education). The reference category used in the model was above secondary education.

6. Access to job related advices

This is to mean that any job related training, skills and other services given from government or NGOs. Therefore, access to these advices can influence the employment status of youth. It was categorized in to (1), had never received advices about job (2) received advices about job at least once. The reference category in the model used was had received advices about job at least once.

7. Job preferences

This is to mean the choice of job among various jobs available in the labor market, which is expected to influence youth employment status. It was categorized as (1) any available jobs in the labor market, (2) self employment (3) paid employment in institutions (government and private). Any available job was used as reference category in the regression model.

8. Work experience

This is refers to whether the respondent had been engaged in productive works such as self employment, paid employment or others prior to the survey date. It was categorized in to (1), had no work experience, (2), had work experience. The reference category used was, had work experience in the regression model.

9. Quantity of social net work

This is to mean number of persons such as friends; relatives...etc respondents would have to exchange information about jobs available in the labor market. Therefore, the number of social network is expected to influence youth employment status. It was categorized as (1) no social network, (2) social network less than three, (3) social network of three and above. The reference category in the model used was social network of three and above.

10. Composition of social network

This is to mean weather the individual within the network had an approach to employed or unemployed friends or relatives...etc. Therefore such an approach is expected to influence the employment status of youth. It was categorized as (1) had an approach to employed friends, (2) had an approach to unemployed friends (3) had no contacts to any of them. The reference category in the model used was had an approach to employed friends.

11. Motive to work.

This is to mean the extent to which the respondent sees work as an obligation to the society and an important part of life. Such attitude (motivation) is expected to influence youth employment status. It was categorized as (1) had attitude promoting working career, (2) had no attitude promoting working career. The reference category in the model used was had attitude promoting working career.

12. Family income

Family income includes the total earning that a household has got on regularly basis (monthly) either in cash or in kind or both from paid employment, self employment, remittance, house rent, pension...etc. It is expected to influence youth employment status. For the analysis purpose it was categorized as (1) less than or equal to 300 birr, (2) from 301-600 birr, (3) from 601-1100 birr, (4) 1101birr and above. The reference category in the model used was 1101 birr and above.

13. Father's educational status

This refers to the highest grade level a respondents' father completed at the time of the survey. It is expected to influence youth employment status. It was categorized as (1) illiterate, (2) literate. The reference category used in the model was literate.

14. Mother's educational status

This refers to the highest grade level a respondents' mother completed at the time of the survey. It is expected to influence youth employment status. It was categorized as (1) illiterate, (2) literate. The reference category used in the model was literate.

3.8 Ethical Considerations

In conducting a research following the research ethics is essential. A letter from the center for population studies, Addis Ababa University was submitted to town administrative officials and kebeles. In the meantime, objectives of the study were clearly stated for them. Then respondents were informed about the objectives of the study and that the whole processes of questionnaire administration were kept confidential and the study is only for an academic purpose. They were also told that they are free to stop at any time of the interview if they feel discomfort with the questions.

Chapter Four

4 Major Findings of the Study

4.1 Descriptions of the study results

In this section the Demographic and Socio-Economic profile of the respondents interviewed in the study area are described. Such background profile of the respondents include: age, sex, marital status, migration status, educational levels, family income, parent educational status, job preference, work experience, work related advices, attitude(motive) towards work, social network quantity, composition of social network and some characteristics of unemployed respondents are presented by using graphs and tables. Besides, bivariate and multivariate analyses were also discussed.

4.1.1 Demographic profile of the respondents

4.1.1.1 Age of the young respondents

The age distribution of the respondents interviewed is presented in the figure 4.1. Such distribution shows that the highest proportion of the respondents was found in the age category of 25-29 (48.7 percent) and 20-24 (41.6 percent). The percentage distribution of respondents in the age group 15-19 was 9.7 percent.

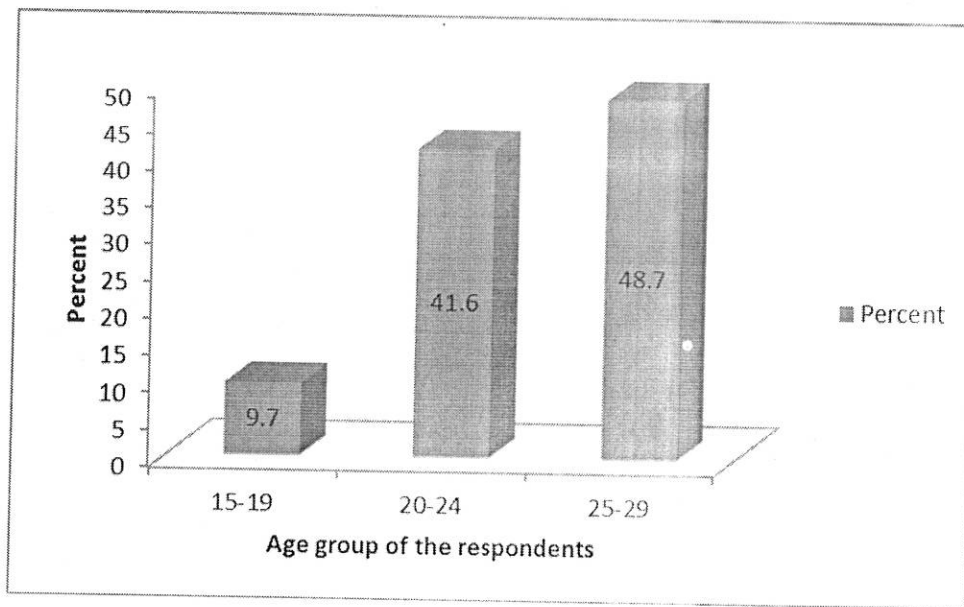


Figure 4.1. Age distribution of the young respondents, Woliso town, February 2012

Source: Survey data

4.1.1.2 Sex of the young respondents

Sex is one of the demographic variables of the respondents to be described. As shown in the table 4.1, below, among the respondents 57.1 percent were female while the remaining 42.9 percent were male.

Sex	Number	Percent
Male	198	42.9
Female	264	57.1
Total	462	100.0

Table 4.1, Sex distribution of the young respondents, Woliso town, February 2012

Source: Survey data

4.1.1.3 Migration status of young respondents

Respondents were asked about their place of birth at the time of the survey, which is used to show the migration status of them. Their response indicated in the figure 4.2 below, shows that 35.5 percent of the respondents were migrants and 64.5 percent were non-migrants.

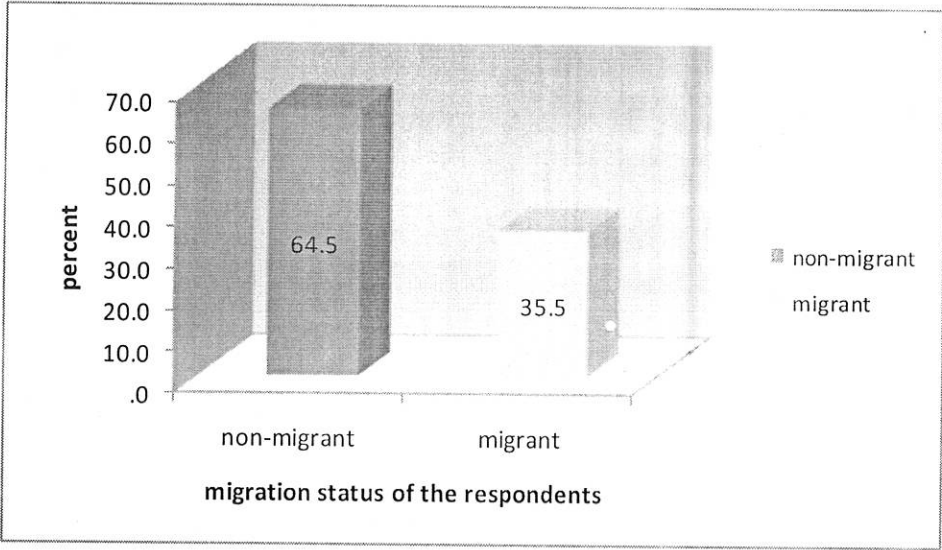


Figure 4.2, Distribution of young respondents by migration status, Woliso town, February 2012.

Source: Survey data

4.1.1.4 Marital status of young respondents

As shown in the table 4.2, below 63.2 percent of the respondents were never married and the remaining 36.8 percent were ever married / include divorced, widowed, separated and currently married/.

Marital status of the respondents	Number	Percent
Married	170	36.8
Single/ never married	292	63.2
Total	462	100.0

Table 4.2, Distribution of young respondents by marital status, Woliso town, February 2012

Source: Survey data

4.1.2 Socio- Economic characteristics of young respondents

4.1.2.1 Relation to household head of young respondents

Information on the relation to the household head of the respondents was collected at the time of the survey. As shown in the table 4.3 below, larger proportion of the respondents (35.5 percent) were child of the head of the household while (35.3 percent) were head of the household. The remaining 11.7, 6.1, 5.6, 3.0, 2.8, percent of the respondents were spouses, mother in-law, non-relatives, grandchild, and father in-law, respectively.

Relation to the head of household of the respondents	Number	Percent
Child	164	35.5
Head of house hold	163	35.3
Spouses	54	11.7
Mother in-law	28	6.1
Non-relatives	26	5.6
Grand child	14	3.0
Father in-law	13	2.8
Total	462	100.0

Table 4.3: Distribution of the young respondents by relation to the head of the household, Woliso town, February 2012

Source: Survey data

4.1.2.2 Ethnic distribution of the respondents

Information on the ethnicity of the respondents was also collected at the time of the survey and hence as indicated in the table 4.4 below, the majority of the respondents (64.7 percent) was Oromo, while the remaining 23.6 percent, 8.0 percent, 3.2 percent and 0.4 percent of the respondents were Amahra, Gurage, Tigre, and other respectively.

Ethnicity	Number	Percent
Oromo	299	64.7
Amahra	109	23.6
Gurage	37	8
Tigre	15	3.2
Other	2	0.4
Total	462	100

Table 4.4, Ethnic distribution of the survey group, Woliso town, February 2012

Source: Survey data

4.1.2.3 Religious distribution of the respondents

The religious distribution of respondents was also shown in the table 4.5 below. As it was indicated, most of the respondents (66.7 percent) were Orthodox followers, while the remaining 19.7 percent, 10.2 percent, 3.2 percent and 0.2 percent of the respondents were the followers of Protestant, Muslim, Catholic, and other respectively.

Religion	Number	Percent
Orthodox	308	66.7
Protestant	91	19.7
Muslim	47	10.2
Catholic	15	3.2
Other	1	0.2
Total	462	100

Table 4.5, Religious distribution of the respondents, Woliso town, February 2012

Source: Survey data

4.1.2.4 Educational level of the respondents

Level of education is one of the variables used to describe the socio-economic characteristics of the respondents .In the following table 4.6, indicated that the larger proportion of the respondents (36.8 percent) and (36.1 percent) completed secondary level of education and higher educational level respectively. The remaining 19.7 percent of the respondents attained primary level of education and 7.4 percent of the respondents were illiterate.

Educational level	Number	Percent
Illiterate	34	7.4
Primary	91	19.7
Secondary	170	36.8
above secondary	167	36.1
Total	462	100.0

Table 4.6, Distribution of the respondents by educational level, Woliso town, February 2012

Source: Survey data

4.1.2.5 Any training received by the respondents outside the regular education

Information on whether the respondents had received or not any training outside the regular education that may help them to get job was collected at the time of the survey. And hence as figure 4.3 below shows, 58.2 percent of the respondents had not received any training outside the regular education while 41.8 percent had received.

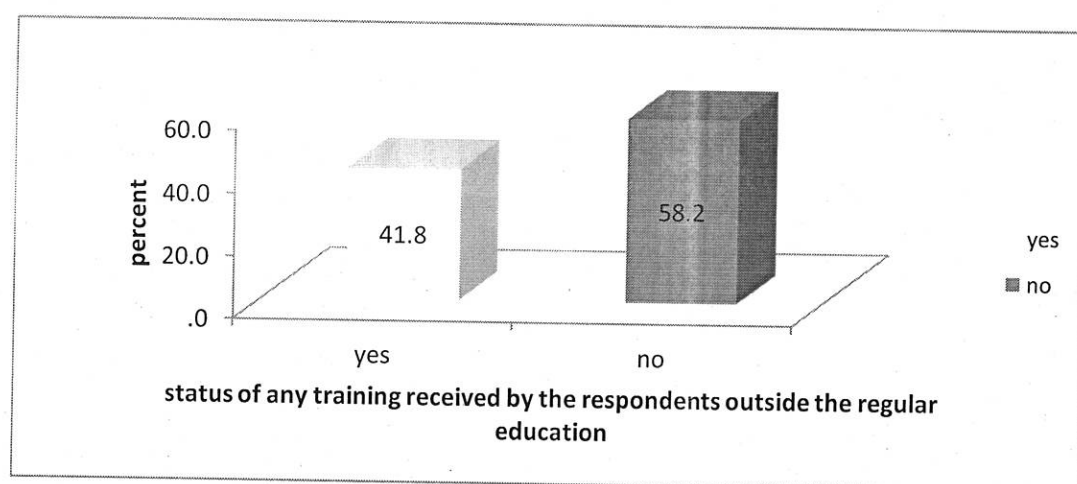


Figure 4.3, Distribution of respondents by status of any training received outside the regular education, Woliso town, February 2012

Source: Survey data

4.1.2.6 Access to work related advice of the respondents

Information on access to work related advices was also collected at the time of the survey. As indicated in the figure 4.4 below, 54.3 percent of the respondents had never received advices about job while the remaining 45.7 percent of the respondents had received advices about job at least once within a month.

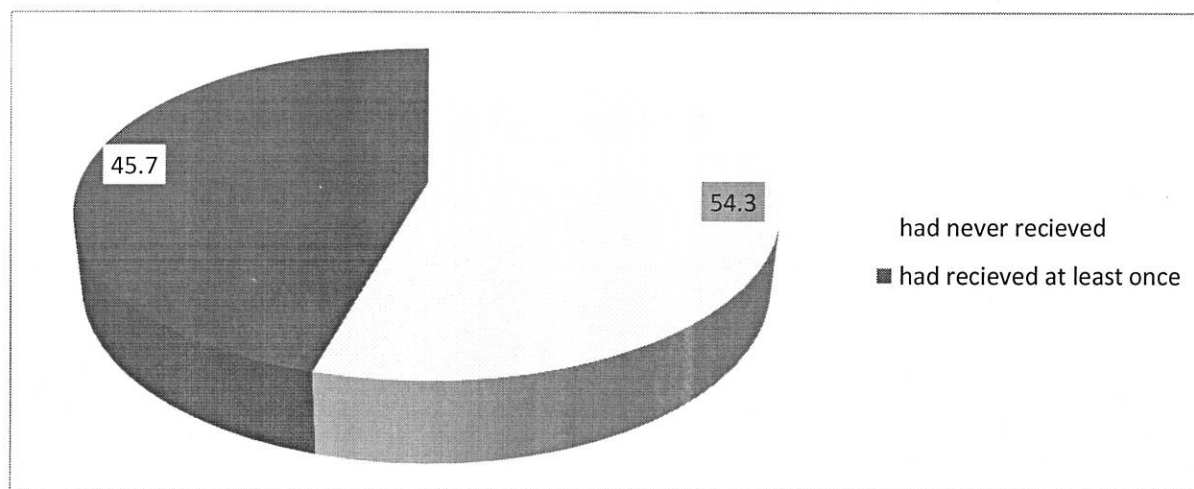


Figure 4.4, Distribution of survey group by access to work related advices, Woliso town, Feb 2012.

Source: Survey data

4.1.2.7 Job preference of the respondents

Job preference is also another variable collected at the time of survey to describe the socio-economic profile of the respondents. The information collected as indicated by figure 4.5 below, shows, that about 43.5 percent of the respondents preferred any available job, 27.1 percent preferred self-employment and 29.4 percent preferred paid employment (include, private and government employment)

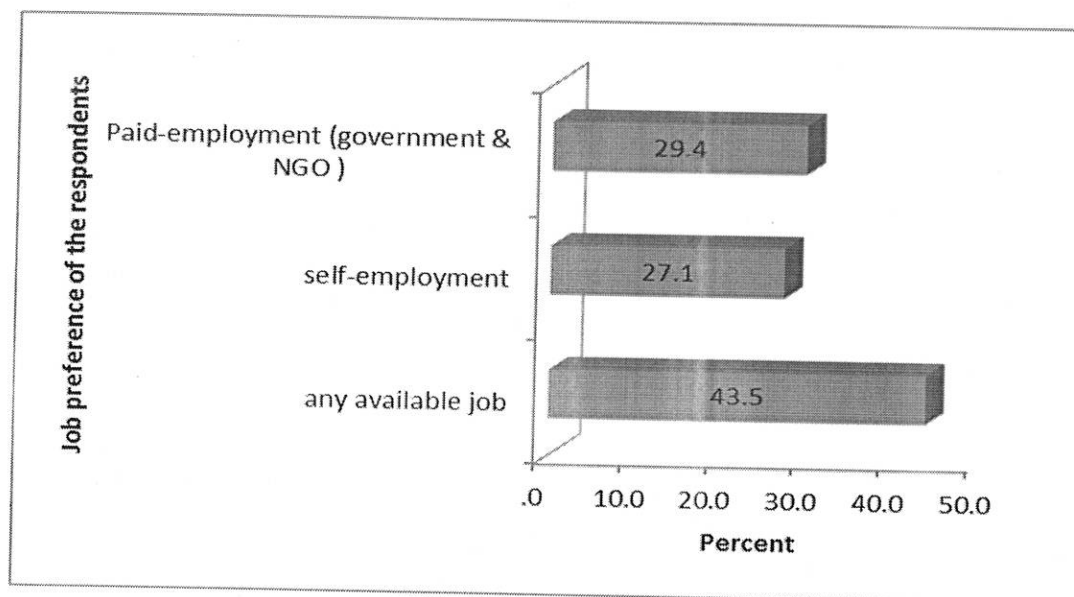


Figure 4.5, Distribution of respondents by job preference, Woliso town, February 2012

Source: Survey data

4.1.2.8 Number of social networks

Another variable worth looking is number or quantity of social network the respondents have. As can be seen from table 4.7 below, the majority of the respondents have limited or no social network. Relatively smaller proportion of the respondents had social networks of three and above.

Social network quantity	Number	Percent
Had social network of less than three	229	49.6
Had no social network	143	31.0
Had social network of three and above	90	19.5
Total	462	100.0

Table 4.7, Distribution of respondents, by number or quantity of social network they have at the time of the survey, Woliso town, February 2012

Source: Survey data

4.1.2.9 Composition of social network

Survey participants were also asked about their approaches to either employed or unemployed friends within their social network. As indicated in the figure 4.6 below, 30 percent, 39 percent and 31 percent of the respondents had an approach to employed friends, unemployed friends and no contact to friends to share information about job respectively.

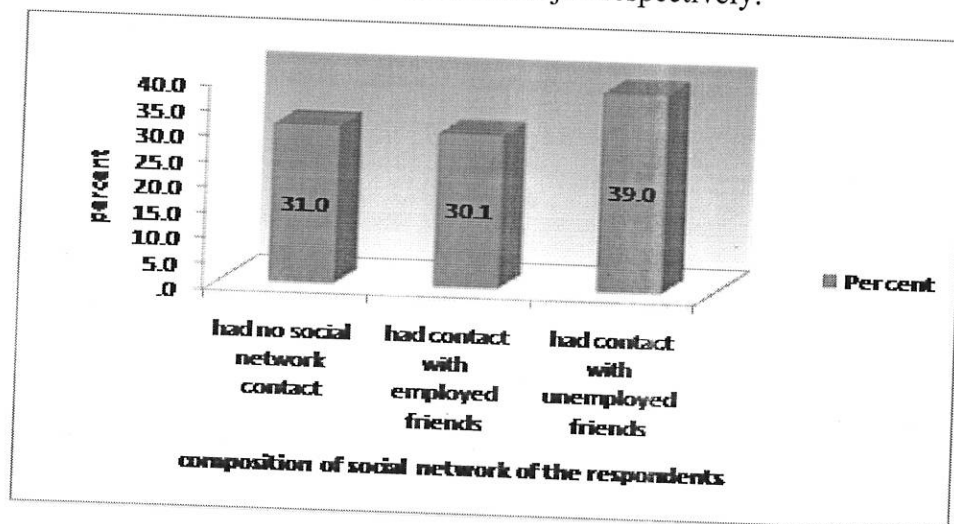


Figure 4.6, Distribution of respondents by their approaches to either employed or unemployed friends they have at the time of the survey, Woliso town, February, 2012.

Source: Survey data

4.1.2.10 Father's educational status of the respondents

Respondents were asked about the educational status of their father's educational status at the time of the survey. Figure 4.7 below displays that, 38.3 percent of respondents' father was illiterate while 61.7 percent was literate.

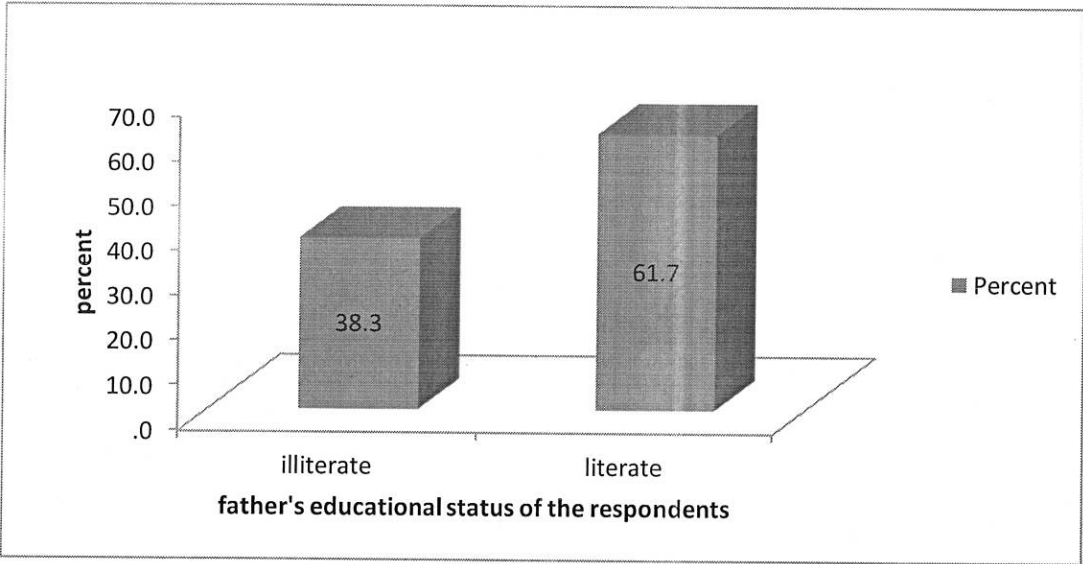


Figure 4.7, Distribution of respondents by father’s educational status, Woliso town, Feb 2012

Source: Survey data

4.1.2.11 Mother’s educational status of the respondents

Information on mother’s educational status of the respondents was also collected. As can be seen from the table 4.8 below, the highest proportion (57.4 percent) of the respondents’ mother was illiterate while the remaining 42.6 percent was literate.

Mother’s level of education	Number	Percent
Illiterate	265	57.4
Literate	197	42.6
Total	462	100

Table 4.8, Distribution of respondents by mother’s educational status, Woliso town, February 2012

Source: Survey data

4.1.2.12. Previous work experience of the respondents

Data on previous work experience were also collected from respondents at the time of the survey. From the table 4.9 below 47.2 percent of the respondents had work experience while 52.8 percent had no work experience.

Work experience	Number	Percent
Had work experience	218	47.2
Had no work experience	244	52.8
Total	462	100

Table 4.9, percentage distribution of respondents by previous work experience, Woliso town, February 2012

Source: Survey data

4.1.2.13 Family income of the respondents

Information on family income of the respondents was also collected at the time of the survey, and hence as depicted by the figure 4.8 below, 34.4 percent,31.0 percent, 19.9 percent, and 14.7 percent of the respondents live in family monthly income of 301-600 birr,601-1100 birr,1101 and above birr and less than or equal to 300 birr respectively

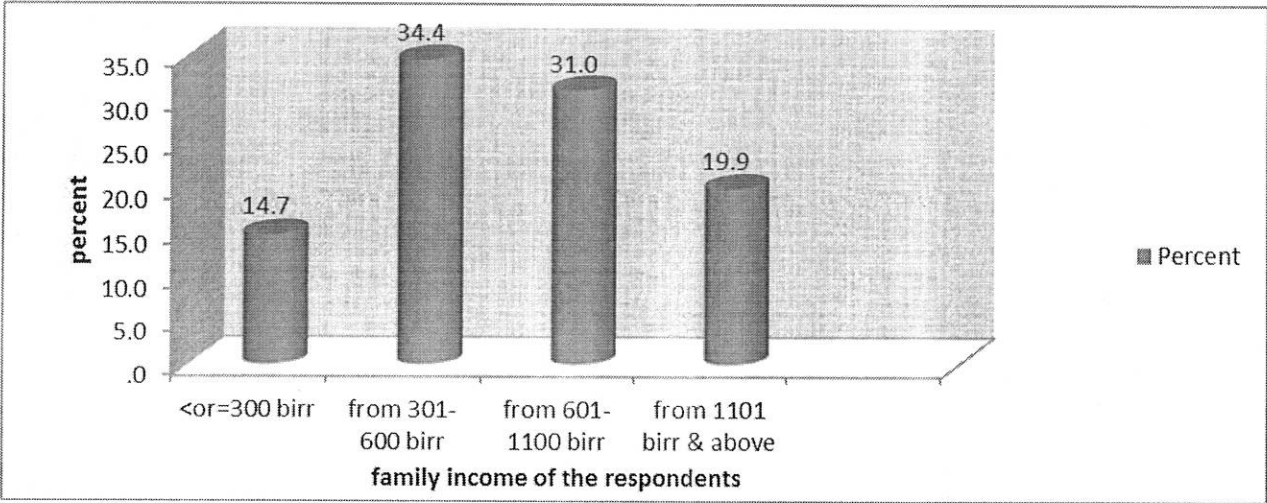


Figure 4.8, Percentage distribution of respondents by family income, Woliso town, February 2012

Source: Survey data

4.1.2.14 Attitude towards work of young respondents

Information on respondents’ attitude toward work was also asked at the time of the survey. Some of the questions about views of the respondents toward work were given in the table 4.10 below. One of this was “**work is the duty of the society.**” And 39.2 percent, 43.7 percent of the respondents had strongly agreed and agreed on this statement respectively, while 17.1 percent of the respondents had disagreed on the above statement. Another question that was asked at the time of the survey, was “**Working is more important than leisure time.**” And 34.6 percent, 29.9 percent of the survey group had strongly agreed and agreed on this statement respectively, while 35.5 percent of the

respondents had disagreed. Finally, respondents were also asked to see their views about work by the following survey question. That is, “**Even if I have lots of money I would want to work.**” And 32.3 percent, 29.7 percent of the respondents had strongly agreed and agreed on this statement respectively, while 38.1 percent of the survey group had disagreed.

Perception of the respondents about work	Number	Percent
A Work is the duty to the society		
Strongly agree	181	39.2
Agree	202	43.7
Disagree	79	17.1
Total	462	100
B Working is more important than leisure time		
Strongly agree	160	34.6
Agree	138	29.9
Disagree	164	35.5
Total	462	100
C Even if I have a lots of money I would want to work		
Strongly agree	149	32.3
Agree	137	29.7
Disagree	176	38.1
Total	462	100

Table 4.10, Distribution of survey group by their perceptions about work, Woliso town, February 2012

Source: Survey data

4.1.2.15 Employment status of young interviewee

Respondents were also asked about their employment status in the last seven days prior to the survey date. As depicted by the figure 4.9 below, out of the total 462 respondents, the majority of the respondents 243 (52.6 percent) were employed. The remaining 219(47.4 percent) were found unemployed at the time of the survey.

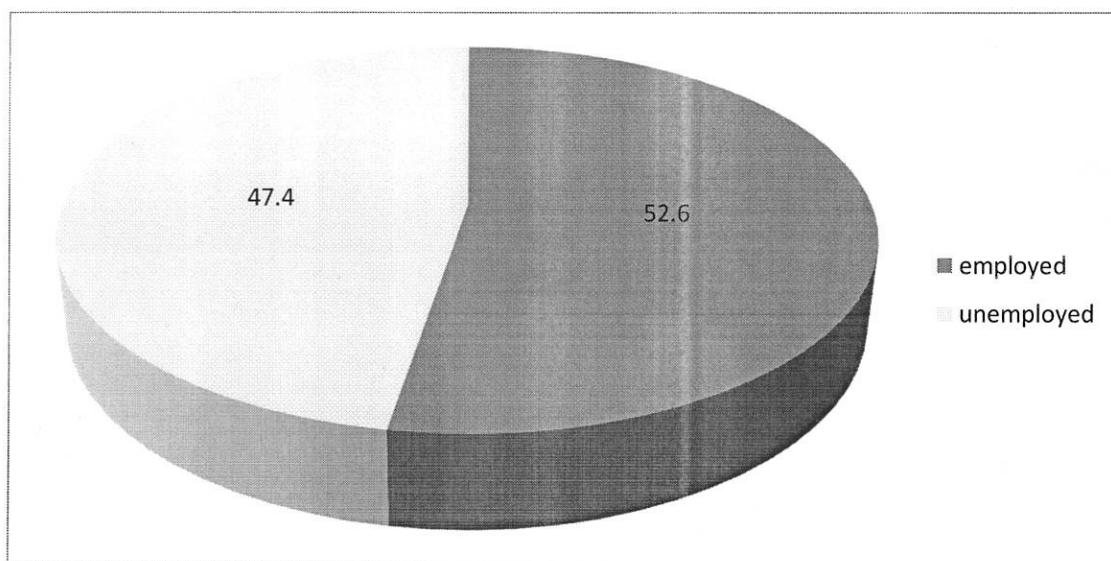


Figure 4.9, Distribution of survey group by employment status, Woliso town, February 2012

Source: Survey data

4.1.3 Some Characteristics of Unemployed Respondents

4.1.3.1 Sought for work for the last three months of the unemployed respondents

Information on sought for work for the last three months of the unemployed respondents was also collected at the time of survey. Accordingly as indicated in the table 4.11 below, 64.8 percent of the unemployed respondents had sought for work, while the remaining 35.2 percent had not sought for work for the last three months.

Sought for work for the last three months	Number	Percent
Yes	142	64.8
No	77	35.2
Total	219	100

Table 4.11, Distribution of unemployed respondents by sought for work for the last three months, Woliso town, February 2012.

Source: Survey data

4.1.3.2 Steps used by unemployed respondents to look for work

Information on methods used by unemployed respondents was also collected at the time of the survey. Out of the total unemployed (219) respondents, 142 (64.8 percent) have used different methods in looking for work. And as indicated by the table 4.12 bellow, out of those who used different methods 61.3 percent, 27.5 percent, 5.6 percent, 3.5 percent and 2.1 percent had used

newspaper and notice board, friends/relatives, Radio and TV, employee directly and other to look for work respectively

Methods used to look for work by unemployed respondents	Number	Percent
Looking at vacancies in newspaper/notice board	87	61.3
Ask friends, and relatives	39	27.5
Radio ,TV	8	5.6
Apply to employee directly	5	3.5
Other	3	2.1
Total	142	100.0

Table 4.12, Distribution of unemployed survey group by methods used to look for work, Woliso town, February 2012

Source: Survey data

4.1.3.3 Reasons for not looking for work of unemployed respondents

Information on main reasons for not seeking work was also collected at the time of the survey. Out of the total unemployed (219) respondents, 77(35.2 percent) were not looking for work for the last three months. As depicted by the table 4.13 below, among these, the majority (59.7) percent were not seeking for work because employee hired job seekers through their friends and relatives, while the remaining, 14.3 percent, 11.7 percent, 7.8 percent, 3.9 percent and 1.3 percent 1.3 percent were not seeking work because of absence of work, pregnancy, no enough education, lack of information, illness, and lack of work experience respectively.

Reasons for not seeking work among unemployed respondents	Number	Percent
Because employee hired through their friends & relatives	46	59.7
No work available	11	14.3
Pregnancy	9	11.7
Have no enough education	6	7.8
No enough information about work	3	3.9
Have no experience	1	1.3
Illness	1	1.3
Total	77	100

Table 4.13, Distribution among unemployed respondents by reasons for not seeking work, Woliso town, February 2012

Source: Survey data

4.1.3.4 Readiness for work for the next one month of the unemployed respondents

Unemployed respondents were also asked about their readiness for work for the next one month if all conditions are available. This is to see whether an individual is active or inactive to search for work. And hence, as indicated in the table 4.14 below, almost all (95 percent) were ready for work while, only 5 percent was not ready for work.

Readiness for work for the next one month of the unemployed respondents	Number	Percent
Yes	208	95
No	11	5
Total	219	100

Table 4.14, Distribution of unemployed respondents by their status of readiness for work for the next one month if all conditions are available, Woliso town, February 2012

Source: Survey data

4.1.3.5 Job preference of the unemployed respondents

As shown by the table 4.15 below, unemployed respondents were asked about the type of job they need to work at the time of survey and hence, out of the unemployed (219) respondents, 208(95 percent) have shown different job preferences. Most of them (51.9 percent) needed paid-employment- government, while the remaining 25.0 percent and 23.1 percent needed paid employment-private/NGO and self-employment respectively.

Type of job the unemployed respondents need to work	Number	Percent
Paid-employment-government	108	51.9
Paid-employment-private/NGO	52	25.0
Self- employment	48	23.1
Total	208	100.0

Table 4.15, Distribution of unemployed respondents by the type of job they need to work, Woliso town, February 2012

Source: Survey data

4.2 Factors Associated with Youth Employment Status (Bi-variate analysis)

There are various methods used to assess the relationship between two variables. Pearson Chi-square test is one of them used to examine the association between the independent and dependent variables. Some demographic and socio-economic factors such as age, sex, migration status, marital status, work related advices, job preference ,educational level, number of social network,

composition of social network, father education, mother education, work experience, family income, and attitude (motive) toward work by taking one by one, a test of relationship was carried out using the Pearson chi-square test. And it was found that marital status, work related advices, job preference, father education and composition of social network had shown no significant association with youth employment status.

4.2.1 Relationship between demographic variables and youth employment status

1. Age of the respondents

Age of the respondents is one of the demographic variables that were collected at the time of the survey. As indicated in the table 4.16a below, it was categorized in to teenager (15-19), those (20-24) and (25-29) age group. And hence it was illustrated that unemployment was higher among teenagers (71.1percent), followed by those age group 20-24(54.7 percent) and 25-29(36.4 percent). In general, as age of the respondents increases, youth unemployment decreases. The Pearson chi-square test confirmed that the relationship was statistically significant($\chi^2=25.068$, $P<0.01$ df, =2).

2. Sex of the respondents

The association between sex and youth employment status as indicated in the table 4.16a bellow, shows that among 264 females included in the sample 53.8 percent were unemployed while 38.9 percent of males among 198 total males included in the sample were unemployed. This indicates that young female unemployment is higher than young male unemployment. The Chi-square test result shows that there is a statistically significant relationship between sex and youth employment status($\chi^2=10.073$, $P<0.01$, $df=1$)

3. Migration Status of the respondents

Migration status of the respondents is also another variable that was collected at the time of the survey. Based on the response of the respondents, the association between employment status and migration status was examined. In line with this, as indicated in the table 4.16a below, non-migrant youth showed higher percentage (52.7 percent) of unemployment than migrant youth (37.8 percent). The Chi-square test of association was statistically significant ($\chi^2=9.394$, $p<0.01$, $df=1$)

Demographic factors	Employment status		Total	X ²	df	p-value
	Employed	Unemployed				
Age group						
15-19	13 (28.9%)	32 (71.1%)	45 (100.0%)	25.068	2	0.000
20-24	87 (45.3%)	105 (54.7%)	192 (100.0%)			
25-29	143 (63.6%)	82 (36.4%)	225 (100.0%)			
Sex						
Male	121 (61.1%)	77 (38.9%)	198 (100.0%)	10.073	1	0.002
Female	122 (46.2%)	142 (53.8%)	264 (100.0%)			
Migration status						
Non-migrant	141 (47.3%)	157 (52.7%)	298 (100.0%)	9.394	1	0.002
Migrant	102 (62.2%)	62 (37.8%)	164 (100.0%)			

Table 4.16a:Chi-square test result of the relationship between youth employment status and demographic factors, Woliso town, February, 2012

Source: Survey data

4.2.2 Relationship between socio-economic factors and youth employment status

The association between educational level of the respondents and youth employment status as indicated in the table 4.16b below, shows that unemployment was higher among those youths who are illiterate (61.8 percent), followed by primary (60.4 percent), and secondary (59.4percent) level of education. But it was lower among youths who are above secondary educational level (25.1 percent). The Pearson chi-square test result shows that the relationship was statistically significant ($\chi^2 = 52.018$, $P < 0.01$, $df = 3$).

Work experience is one of the factors that is related to youth employment status. As presented in the table 4.16b below, youth unemployment was higher among those who have no work experience (61.1 percent), as compared to those who have work experience (32.1 percent). The chi-square result shows the association was significant ($\chi^2 = 38.717$, $P < 0.01$, $df = 1$)

Number or quantity of social network that the respondents have, to share information about job, has also a relation to youth employment status. As shown in the table 4.16b below, among the unemployed youth, 56.5 percent had no social networks; and 40.4 percent had few social networks (less than three) as compared to those who had three and above (36.4 percent).The chi-square test result shows that the association was significant ($\chi^2 = 14.679$, $p < 0.01$, $df = 2$)

Attitude (motive) toward work has also a relationship to the youth employment status. As indicated in the table 4.16b below, among the unemployed youth 67.1 percent had no motives promoting

working career as compared to those who had motives promoting working career (43.3 percent). The chi-square test result shows the association was significant ($\chi^2=14.812$, $p < 0.01$, $df = 1$)

As far as Mothers' educational status of the respondents and youth unemployment status is concerned, as indicated in the table 4.16b below, the proportion of unemployment was higher (53.6 percent) among those respondents whose mothers' were illiterate than those respondents whose mothers' were literate (39.1 percent). The chi-square result shows that the relationship was significant ($\chi^2=9.527$, $P < 0.01$, $df=1$)

Family income of the respondents and youth employment status was also examined. As indicated in the table 4.16b below, 73.5 percent, 49.7 percent, 48.3 percent of the unemployed youth lived in a family earning less than or equal to 300 birr, 301-600 birr, 601-1100 birr respectively as compared with unemployed youth who lived in a family earning 1101 birr and above per month (22.8 percent). This shows that as the income of the family increases, the risk of being unemployed decreases. The chi-square test shows that the association was significant ($\chi^2=41.278$, $p < 0.01$, $df=3$)

Socio-Economic factors	Employment status		Total	X ²	df	P-value
	Employed	Unemployed				
Educational level						
Illiterate	13 (38.2%)	21 (61.8%)	34 (100.0%)	52.018	3	0.000
Primary	36 (39.6%)	55 (60.4%)	91 (100.0%)			
Secondary	69 (40.6%)	101 (59.4%)	170 (100.0%)			
Above secondary	125 (74.9%)	42 (25.1%)	167 (100.0%)			
Work experience						
Had work experience	148 (67.9%)	70 (32.1%)	218 (100.0%)	38.717	1	0.000
Had no work experience	95 (38.9%)	149 (61.1%)	244 (100.0%)			
Social network quantity						
Had no social network	97 (43.5%)	126 (56.5%)	223 (100.0%)	14.679	2	0.001
Had social network of less than three	90 (59.6%)	61 (40.4%)	151 (100.0%)			
Had social network of three and above	56 (63.6%)	32 (36.4%)	88 (100.0%)			
Motive towards work of the respondents						
Had motives promoting working career	217 (56.7%)	166 (43.3%)	383 (100.0%)	14.812	1	0.000
Had no motives promoting working career	26 (32.9%)	53 (67.1%)	79 (100.0%)			
Mother education						
Illiterate	123 (46.4%)	142 (53.6%)	265 (100.0%)	9.527	1	0.002
Literate	120 (60.9%)	77 (39.1%)	197 (100.0%)			
Income of the household						
≤300 birr	18 (26.5%)	50 (73.5%)	68 (100.0%)	41.278	3	0.000
From 301-600 birr	80 (50.3%)	79 (49.7%)	159 (100.0%)			
From 601-1100 birr	74 (51.7%)	69 (48.3%)	143 (100.0%)			
From 1101 birr & above	71 (77.2%)	21 (22.8%)	92 (100.0%)			

Table 4.16b: Chi-square test result of the relationship between youth employment status and socio-economic factors, Woliso town, February, 2012

Source; Survey data

4.3 Factors Explaining Youth Unemployment (Multivariate analysis)

Some demographic and socio-economic determinants of youth unemployment were analyzed by using binary logistic regression model. This model is used because the dependent variable (youth employment status) is dichotomous. The predictor variables; namely age, sex, migration status, educational level, social network quantity, motive toward work, work experience, mother's educational status, and family income were analyzed.

The logistic regression model predicts the log odds of the dependent variable (youth employment status). The model is expressed by:

$$\text{Log}(P/1-P) = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + \dots + B_kX_k$$

Where, P is the predicted probability of the event unemployed coded with 1 and 0 otherwise. The regression coefficient and sign shows the magnitude and direction of the effect in the log odds, being the category of interest of response variable for a unit of increase in the predictor variable respectively. A positive predictive coefficient ($B > 1$) indicates the predicted odds increases as the predictor value increases, and a negative coefficient ($B < 1$) shows that the predicted odds decreases as the predictor value increases. Therefore, if the value of the odds ratio $\exp(B)$ is > 1 , the chance of unemployment is higher for a member of the group in relation to the reference category while, an odds ratio of less than 1 shows lower chance of unemployment in relation to the reference category.

Before analyzing the predictor variables, goodness of fit of the model and multicollinearity diagnoses were made.

1. Multicollinearity effects

Multicollinearity in logistic regression is a result of a strong inter-correlation among the predictor variables (Garson, 2009). Tolerance and variance Inflation Factor (VIF) and bi-variate correlation analysis were used. Kendall's tau bi-variate correlation is used to detect inter-relationship between predictor variable and based on the value of r, the existence of multicollinearity is known. The result of bi-variate correlation analysis shows that there is no strong association between the predictor variables. (See annex II.)

The effect of multicollinearity is also tested by using Variance Inflation Factor and Tolerance. The Tolerance is $1 - R^2$ (coefficient of determination) for the regression variable on all other independent variable (Garson, 2009). When the estimates of the Tolerance is approaches to 0(zero), the inter-correlation of the predictor variable gets higher. But when it approaches to 1(one) the inter-

correlation of the predictor variable gets lower. VIF is the reciprocal of the Tolerance ($1/1-R^2$). The $VIF \geq 4$ is a common cutoff criteria to decide whether a given independent variable shows multicollinearity effect. Therefore, if the value of VIF exceeds 4, the variable shows multicollinearity problem. In this study the VIF values were found less than 4 and Tolerance was more than 0.7 which approaches to 1 for the predictors (see annex II). Therefore the multicollinearity is not a threat for the estimation of the results of the dependent variable based on the independent variable.

2. Goodness of fit

Hosmer and Lemeshow test was used to assess the goodness of fit of the model. If the significance level of the test is less than 0.05, it shows that the model is inadequate to describe the data. Here, in this study the significance level of the test was found to be 0.202(see annex II). Therefore, the model is adequate to describe the data.

In this study the dependent variable (youth employment status) is coded as 1 if the respondent is unemployed, otherwise 0 if the respondent is employed. The enter method was used and the predictor variables which are found significant in the bi-variate analysis such as ,age ,sex, migration status, education, work experience, social network quantity, motive toward work, mother's education, family income were entered in to the model. Logistic regression result has shown in the table 4.17 below.

4.3.1 Demographic factors explaining youth unemployment.

1. Age

Teenagers (15-19) and young adults (20-24) are less employed than those youth in the 25-29 age category

For a majority of countries of the world, as teenagers (15-19) age and become young adults (20-24) and as young adults become prime age adults (25-64) the unemployment rates fall (O' Higgins, 2001). The result of this study also shows that the risk of unemployment decreases as the age of the respondents increases. As indicated in the table 4.17 below, it was found that the relative risk of being of unemployed for those respondents in the age category (15-19) was 2.7 times higher than those respondents in the age category (20-29). And the level of association was statistically significant at $P < 0.05$. In addition, the relative risk of being unemployed for those respondents in the

age category (20-24) was 1.8 times higher than those respondents in the age category (25-29). Again the association was significant at $P < 0.05$.

In addition information obtained from the focus group discussions also asserted the findings obtained from household survey. FGD participants stated that:

The highest rate of unemployment is found among teenagers (15-19), followed by the age group of 20-24. Because most teenagers and young adults have less family responsibility and they are waiting for family. In addition, it may be due to the lower educational status attained by the youth in these age categories.

2. Sex

Females are more unemployed than males

ILO (2004 a) confirmed that, the activity rate of young male has consistently been much higher than that of young females. The result of this study also confirmed this idea. And the risk of unemployment is higher for females than for male. In the regression analysis, it was found that the relative risk of being unemployed for female was 3.3 times higher than that of males (table 4.17 below). The association was significant at $P < 0.01$.

FGD participants also stated that:

The difference originates largely from the different opportunities society provide to men and women, from cultural conception of the role of the two sexes in society, as well as from the fact that girls spend more time doing domestic work than boys and certain production for personal or household use made female less employed than male

3. Migration status

Non-migrant are more unemployed than migrants

The rural-urban migration contributes a larger urban labor supply that has produced an increasing urban unemployment rate and the problem of unemployment has been serious in developing countries and the proportion of unemployed population grew from time to time due to rural-urban migration. (Gundogan,(2009), Todaro (1989)). However, the finding of this study contradicts with this idea. It seems that migrant may have better employment opportunity than non-migrants. This might be because of the relatively higher need to work for survival among migrant youth and may be

job preferences among urban youth that made non-migrant more unemployed than migrant. As shown in the table 4.17 below, the relative risk of being unemployed for non-migrant was 1.9 times higher than that of migrant. The association was significant at $P < 0.05$.

The FGD participants also said that:

Actually there are large numbers of youth coming to the town from nearby rural areas. But those youth need to work any available job to survive because they have departed from their family and have limited social network. Those non-migrants are living with their family and they prefer job.

4.3.2 Socio-Economic factors explaining youth unemployment

1. Education

Lower educational level related with higher risk of youth unemployment

Studies by different scholars indicated that rate of unemployment for less educated youth tends to be higher as compared to more educated youth (O'Higgins, (2001), Tansel (2004)). The risk of unemployment is higher among youth who had lower level of education especially, primary and secondary educational level as compared to those youth who had above secondary educational level. The possible reason for this, as expressed by ILO (2004), is lack of knowledge and skills required by the labor market. As indicated in the table 4.17 below, the relative risk of being unemployed for those respondents who had primary level of education was 3.7 times higher than those who had above secondary education. And the association was significant at $P < 0.01$. Similarly, the relative risk of being unemployed for those who had secondary level of education was 3.8 times higher as compared to those who had above secondary education. And the association was significant at $P < 0.01$. In addition, the relative risk of being unemployed for those respondents who had no education (illiterate) was 3.6 times higher than those who had above secondary education. The association was significant at $P < 0.01$.

The FGD participants also said that:

These days, large number of unemployed youth has been those who had completed secondary level of education-grade 10 and 12 found in the town. They said, many of us did not get job opportunity. Some of the reasons they mentioned were lack of enough education and work experiences.

2. Work experience

Lack of work experience related with higher risks of youth unemployment

Work experience was also found to be significantly related to youth unemployment. As stated by Roman, 2006, having work experience and skills in a certain profession, makes the person more experienced in the specific profession and in cases more capable and less unemployed. The findings of this study confirmed this idea and the risk of unemployment for those who had no work experience was higher than those who had work experience. The likelihood of being unemployed for those respondents who had no work experience was 2.8 times higher than those who had work experience (table 4.17 below). And the association was significant at $P < 0.01$.

The FGD participants also noted that;

Most of the vacancies observed in the town require job related work experiences. But, we do not have work experiences required by the institutions. Most of us are grade 10 completes. And also there is no institution that provides job related training and work experiences in the town. Hence we are out of job.

3. Motives towards work

Youth who believed in values that are more negative about not- working were unemployed less

Motivation to work has been indicated as a factor of influence. Among others, having values that promote a working career showed to be related with youth unemployment. This is to imply that if the individual himself does not feel like making the transition from school to work and prefer to rely on his/ her parents, it can be expected that the chance he or she will successfully participate on the labor market will be smaller and hence unemployed (DeGoede *et al*, 2000). The findings of this study also indicated that unemployment was higher among youth who had no motives that promote working career as compared to those youth who had motives that promote a working career. The relative risk of being unemployed for those respondents who had no motives promoting working career was 15.3 times higher as compared to those who had motives promoting working career (table 4.17). And the association was significant at $P < 0.01$.

FGD participants also noted that;

Actually work is a duty to society and an important part of life. However, most of us are not motivated to search for work. This is because, most work available is not easily found, and most of it obtained through work experiences. These factors influenced our motivation to search for work

4. Social network quantities

Limited social networks related with higher risk of youth unemployment

A person's network can be used as an instrument in order to find job (Hammer, 1997). This indicates that individuals with limited (no) social networks would be at disadvantage position in the labor market as compared to those who had better social network. The findings of this study also indicated that unemployment was higher among youths who had limited or no social network than those who had many personal contacts. This implies that having many social networks provide an opportunity of getting information related to jobs. As indicated in the table 4.17 below, those youth who had no personal network was likely to be more unemployed. The relative risk of being unemployed for those respondents who had no social network was 1.4 times higher than those who had personal network of three and above. But the association was insignificant. Similarly the relative risk of being unemployed for those respondents who had personal network of less than three was 1.2 times higher than those who had personal network of three and above. Again the association was insignificant.

FGD participants also indicated that:

Currently, getting employment opportunity has become very difficult. This is because most employees hired through their friends, relatives and good social communications. Most of us are influenced by cultural norms in which we are grown up.

5. Mother education

Serneels (2004), using the 1994 Ethiopian urban socio-economic survey studies the incidence and duration of unemployment in urban Ethiopia emphasizing on youth, concludes that Mother's education may play a role in influencing youth employment status. This study also confirms this idea. The relative risk of being unemployed, for those youth whose mothers were illiterate was 1.3 times higher than those whose mothers were literate (table 4.17 below). But the association was insignificant.

6. Family income

Youth from lower family income household experiences higher unemployment

Young people in low family income households are among those who experience exceptional high unemployment (Miller, 1998). The findings of this study support this idea. The relative risk of being unemployed for those youth from lower family income households was higher as compared to youth from higher household income. Those youth who lived in a family earning monthly income of birr < or = 300, 301-600, 601-1100 per months was 5.4, 2.1 and 2.1 times higher than those who lived in a family earning monthly income of 1101 birr and above respectively (table 4.17). And the association was significant at $P < 0.01$ and $P < 0.05$ family income mentioned above respectively.

FGD participants also noted that:

Most of us here are from lower family income households. We do not have an opportunity to go to distance areas to search for work due to lack of money. And again we do not have money to get training and further education that may help us to be employed. These influence our employment opportunity.

Generally, the findings of this study show that young people are mostly affected by unemployment in the town.

Variables	Coding	B	SE	Wald	Df	Sig.	Exp(B)
Sex	Male(RC)						
	Female	1.179	.305	14.916	1	.000 *	3.251
Age	15-19	.985	.424	5.399	1	.020	2.677
	20-24	.586	.254	5.308	1	.021	1.796
	25-29(RC)						
Migration	Non-migrant	.618	.262	5.578	1	.018	1.855
	Migrant(RC)						
Education	Illiterate	1.280	.470	7.415	1	.006	3.598
	Primary	1.308	.332	15.534	1	.000	3.698
	Secondary	1.346	.280	23.135	1	.000	3.843
	Above secondary(RC)						
Work experience	Had work experience(RC)						
	Had no work experience	1.014	.254	15.924	1	.000	2.757
Social network quantity	Had no social network	.328	.349	.885	1	.347	1.388
	Had social network of less than three	.171	.338	.256	1	.613	1.186
	Had social network of three and above(RC)						
Motive toward work	Had motives promoting working career(RC)						
	Had no motives promoting working career	2.725	.416	42.980	1	.000	15.252
Mother education	Illiterate	.257	.252	1.041	1	.308	1.293
	Literate(RC)						
Family income	< = 300 birr	1.687	.442	14.557	1	.000	5.401
	301-600 birr	.751	.354	4.502	1	.034	2.119
	601-1100birr	.756	.354	4.566	1	.033	2.130
	1101birr and above(RC)						
Constant		-4.522	.522	74.940	1	.000	.011

Table 4.17: Logistic regression results of the effects of predictor variables, Woliso town, February 2012

RC-Reference Category

Source: Survey data

Chapter Five

5. Conclusions and Recommendations

5.1 Conclusions

When we think of youth, it implies a group of people in society who has a lot of energy, new ideas, and new way to see life and face problems. However, they may also be characterized by having lack of knowledge and skills in certain areas that come with more experiences, higher education and age which in turn influence their labor force participation. The problem of youth unemployment is rapidly assuming dangerous proportions in many countries of the world because among all categories of the labor force, youth have the highest unemployment rate. And hence, their energy and talent have been wasted and their contribution for development is neglected due to socio-economic and demographic factors explaining their unemployment. Therefore, addressing youth unemployment becomes an important development and political agenda of many states.

As indicated in the findings, demographic and socio-economic factors play significant role in determining youth unemployment. Out of the total youth included in the study, teenagers, and young adults (20-24 age) are more unemployed as compared to 25-29 age categories. Females are more unemployed as compared to male, non-migrant population are more unemployed as compared to migrants.

Similarly, socio-economic characteristics of youth also affect their employment status. Difficulty in finding a job increases with lower level of human capital. Therefore it is concluded that low level of education and less work experience increase the risk of youth unemployment. And the result indicates that the relationship between human capital and unemployment can be seen as very persistent.

This research has also looked at the influence of social capital on youth unemployment. Based on finding it is possible to conclude that the likelihood of being unemployed is higher for those youth who has limited or no social network. In addition, motive toward work has also an influence on employment status of youth and hence it is possible to conclude that youth who had no motives promoting working career has high risk of unemployment.

Furthermore, family characteristics including mother education and family income has been indicated as a factor of influence. Youth whose mother is illiterate and those from lower family income has higher risk of unemployment.

Generally, the significance of a number of important social, economic and demographic determinants such as age, sex, migration, education, work experience, social network, motive toward work, and family characteristics (education and income) suggests that these factors are strong predictors of youth unemployment. Therefore, individuals, families and societies at large and the country are expected to contribute a lot to minimize these youth challenges.

5.2 Recommendations

On the basis of the findings, some recommendations that are supposed to be relevant to minimize the unemployment of youth in urban areas are made as follows.

- It is relevant to consider that youth as a diverse social group with different characteristics such as age. The differentials within youth that is teenagers, young adults and other age group (25-29) revealed that young people have different needs, and are shaped by different sets of factors in their pathways to employment. Therefore, it is very necessary for program planners to consider specific issues (for example, education and skills) to meet the needs of each of these groups.
- Enhance active participation and empowerment of females in the labor market. Since females are more affected by unemployment, efforts made by governments and non-governmental organizations to empower and increase their participation should be further enhanced through creating awareness that minimize cultural norms that keep women away from labor market, providing credit and training, education, skills ,and organizing them in to cooperatives so as to facilitate their entry in to labor market.
- Improving the educational level of youth. This study result indicates that higher educational level is found to be related to lower youth unemployment risks. Therefore, investment in training and skill formation activities is needed in addition with broader education expansion efforts, to improve the employment scenario of those youth of low or uneducated.
- Enabling youth to bring attitudinal change towards work. The study results shows that, youth with attitudes promoting working career are less unemployed. Therefore, creating awareness of youth through advocating self employment, and enabling them to bring attitudinal change through education, training and by organizing the activities of role models to share information is relevant.

➤ Finally, further research needs to be conducted on:

- Motivation towards work is influenced by several factors. In this study work value (motive towards work) was treated. The remaining other variable needs to be investigated as this may help to understand the nature and extent of the problem.
- Consequence of youth unemployment is another area that needs to be investigated
- Macro-level factors of youth unemployment is also needs to be investigated

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Addis Ababa University
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2 Interview Schedules

Interview Schedules on: Factors Influencing Youth Unemployment

Part one: Information about study area.

1, Region _____ 2, Zone _____ 3, Wereda/Town _____
4, Kebele _____ 5, Enumeration Area _____
6, Supervisor _____ sign _____ date _____
7, Enumerator _____ sign _____ date _____

Introduction

Good morning/afternoon, Dear?

My name is _____ and I am a graduate student of population studies from Addis Ababa University. Here, this is to carry out academic research work about youth unemployment. The principal objective of this research work is to assess Demographic and Socio-economic related causes explaining youth unemployment in your town /Woliso/. The target population for this study is youth age 15-29 years. The result of the discussion and interview will give insight about the major factors of youth unemployment and hence help the town administration to minimize the problem. Hopefully this will benefits the youth and the community at large.

The discussion and interviewing process is entirely carried out on voluntary basis. If at any time during the interview you feel discomfort, you can stop the interview at any time in the process. Once again, I confirmed you that, the study is for academic purpose and the information you provide is strictly confidential and will not be released to any other person.

Thanks for the cooperation of all participants in advance.

I Structured interview schedules

Part two: Socio- Economic and Demographic Characteristics of the Young respondents

201 Kebele _____, EA code _____, HH, No _____ S.No of Youth _____

202 Sex: 1 Male 2 Female

203 Age / in completed years/ _____

204 When were you born? Month _____, Year _____

205 What is your relation to the head of the household?

- | | |
|----------------------------------|-------------------------|
| 1 Household head | 5 Father in- law |
| 2 Spouse | 6 Non-relatives |
| 3 Grand child of the head person | 7 child |
| 4 mother in-law | 8 others, specify _____ |

206 What is your ethnicity?

- | | |
|----------|-------------------------|
| 1 Oromo | 4 Tigre |
| 2 Amahra | 5 others, specify _____ |
| 3 Gurage | |

207 What is your religion?

- | | |
|------------|-------------------------|
| 1 Orthodox | 4 Protestant |
| 2 Muslim | 5 others, specify _____ |
| 3 Catholic | |

208 Where was your birth place?

- | | |
|-----------------------------|---------|
| 1 Woliso town /skip to 211/ | 2 other |
|-----------------------------|---------|

209 Why did you come to Woliso town?

- | | |
|----------------------|------------------------|
| 1 search for job | 3 town facility |
| 2 Education/training | 4 other, specify _____ |

210 What is the duration of time have you ever lived here/Woliso/ continuously in years? _____, years

211 What is your marital status?

- | | |
|-------------------------|------------------------|
| 1 single/ never married | 4 Divorced |
| 2 married | 5 Widowed |
| 3 Separated | 6 Other, specify _____ |

212 Can you read and write?

- | | |
|-------|--------------------|
| 1 Yes | 2 No/ skip to 214/ |
|-------|--------------------|

213 What was the highest level of education completed?

- | | | |
|---------------|---------------------|--------------------------|
| 95 Non-formal | 8 Grade eight | 16 Grade twelve /new |
| 1 Grade one | 9 Grade nine/old | 17 TVET |
| 2 Grade two | 10 Grade ten/old | 18 Certificate |
| 3 Grade three | 11 Grade eleven/old | 19 Diploma not completed |
| 4 Grade four | 12 Grade twelve/old | 20 Diploma |
| 5 Grade five | 13 Grade nine/new | 21 Degree not completed |
| 6 Grade six | 14 Grade ten/new | 22 Degree |
| 7 Grade seven | 15 Grade eleven/new | 23 Masters and above |

214 Have you ever received and completed a certificate of any training (skills, professional or vocational) outside the regular education system?

- 1 Yes 2 No/skip to 217/

215 Are you working by the training you have already a achieved?

- 1 Yes 2 No

216 What was the duration of the training in year? _____, years

217 Is there any work related awareness and services provision in the town/ kebele?

- 1 Yes 2 No /skip to 301/ 3 I do not know/ skip to 301/

218 For how many times you have taken work related advices within months? Specify, _____

219 What type of advices did you receive?

- 1 Job related skills & knowledge
2 Training in job related attitude
3 Advices about how to start own business
4 others, specify_____

Part three: Employment status and characteristics of respondents for the last seven days

301 Were you engaged in any kind of productive work or activities for pay, profit, family gain, or own consumption, during the last seven days?

- 1 Yes 2 No /skip to 303/

302 Excluding lunch and journey time, how many hours did you actually working all jobs including hours worked in the additional job, during the last seven days?

- 1 less than four hours 2 four hours and above /skip to 304/

303 Did you have a job or business from which you were absent in the last seven days?

- 1 Yes, 2 No/unemployed/

304 Have you ever worked before last seven days?

- 1 yes 2 No /skip to 401/

305 What was your status in employment?

1 Government employee

4 Un-paid family worker

2 private employees

5 Self- employed

3 NGO employees

6 others, specify _____

306 How long did you work in years? _____, years

Part four: Job preference, social networks, access and availability of work related information.

401 What type of job/ employment status do you prefer to work?

1 Self-employment

4 NGO

2 paid employment- government

5 others, specify _____

3 any available work

402 Have you preferred the current job that you have been doing now?

1 Yes /skip to **404**/

2 No

403 What is the main reason that you have not preferred?

1 It does not go with my level of education

4 There is no support from the government

2 It does not go with my experience/training

5 It lowers my personal and social status

3 It has low income

6 others, specify _____

404 Is there Youth Association/league in the town?

1 Yes

2 No/skip to **407**/

3 I do not know /skip to 407/

405 Are you a member of youth association/league?

1 Yes

2 No

406 Do you think that being a member of youth association/ league helps you to be employed?

1 Yes

2 No

3 I do not know

407 Do you have any social network contacts (friends, relatives etc.) to share issues related to job, other than youth groups either in or outside the town?

1 Yes

2 No/skip to **410**/

408 How many friends, relatives etc. do you have to share information about job? _____,

409 For whom you approach mostly?

1 the employed

2 the unemployed

3 had no contact

410 Is there any source of work/job related information/access in the town?

1 Yes

2 No /skip to **501**/

411 What is the major source of job related information would you use?

- | | |
|---|------------------------------------|
| 1 Ask people I know/friends & relatives | 5 look at the vacancy notice board |
| 2 private employment agency/NGO | 6 Radio & TV |
| 3 Approach labor & social affair office | 7 others, specify _____ |
| 4 look in the news papers | 8 no I never used |

412 How often would you approach it within a month? Specify, _____

Part five: Family characteristics of the respondent

501 Can your father read and write?

- 1 Yes 2 No/skip to 503/

502 What was the highest level of education he has completed?

- | | | |
|---------------|---------------------|--------------------------|
| 95 Non-formal | 8 Grade eight | 16 Grade twelve /new |
| 1 Grade one | 9 Grade nine/old | 17 TVET |
| 2 Grade two | 10 Grade ten/old | 18 Certificate |
| 3 Grade three | 11 Grade eleven/old | 19 Diploma not completed |
| 4 Grade four | 12 Grade twelve/old | 20 Diploma |
| 5 Grade five | 13 Grade nine/new | 21 Degree not completed |
| 6 Grade six | 14 Grade ten/new | 22 Degree |
| 7 Grade seven | 15 Grade eleven/new | 23 Masters and above |

503 Can your mother read and write?

- 1 Yes 2 No/ skip to 505/

504 What was the highest level of education your mother completed?

- | | | |
|---------------|---------------------|--------------------------|
| 95 Non-formal | 8 Grade eight | 16 Grade twelve /new |
| 1 Grade one | 9 Grade nine/old | 17 TVET |
| 2 Grade two | 10 Grade ten/old | 18 Certificate |
| 3 Grade three | 11 Grade eleven/old | 19 Diploma not completed |
| 4 Grade four | 12 Grade twelve/old | 20 Diploma |
| 5 Grade five | 13 Grade nine/new | 21 Degree not completed |
| 6 Grade six | 14 Grade ten/new | 22 Degree |
| 7 Grade seven | 15 Grade eleven/new | 23 Masters and above |

505 What is the major source of income in your family?

- | | | |
|--------------------------------------|----------------------------|-------------------------|
| 1 Income from paid employment/salary | 3 Income from own business | 5 pension |
| 2 Income from temporary job | 4 Remittances | 6 House rent |
| | | 7 others, specify _____ |

506 Who is/are the major source/s of the income in the house hold?

1 Father

5 Father& Mother

2 mother

6 Father & children

3 children

7 Mother & children

4 All

8 others, specify _____

507 What is the total monthly income of your family member in birr? _____, birr

Part six: Motivation to work.

601 Working is the duty to the society.

1 Strongly agree

3 Disagree __ why, specify _____

2 Agree

4 Strongly Disagree- why, specify _____

602 working is more important than leisure time. .

1 Strongly agree

3 Disagree __ why, specify _____

2 Agree

4 Strongly Disagree- why, specify _____

603 Even if I have lots of money I would want to work. .

1 Strongly agree

3 Disagree __ why, specify _____

2 Agree

4 Strongly Disagree- why, specify _____

Part seven: characteristics of unemployed respondent.

701 Have you sought for a work during the last 3 months? (If your answer in qun303, code 2)

1 yes

2 No /skip to 703

702 What steps have you taken mainly in looking for work?

1 Ask friends and relatives

4 Apply to employer directly

2 Looking at vacancies in the news paper/board

5 others, specify _____

3 Radios, TV,

703 What was the main reason that you did not seek work?

1 Heath problem/ illness or disable

7 I do not have the right skills

2 family responsibility/home activities

8 I do not have enough education

3 No work available

9 I d o not have experience

4 maternity related issues

10 I do not do well in the interviews

5 There is no enough information about jobs

11 I want to work here

6 Because employee hired through their friends and family 12 others, specify _____

704 Are you ready to work in the next one month if all conditions are available?

1 Yes

2 No/skip to 706/

705 What type of job/employment status are you looking for?

1 paid-employment government

4 any available work

2 self employment

5 others, specify _____

3 paid-employment private/NGO

706 If you cannot find the type of work you are looking for, would you settle for other work?

1 Yes, any work

3 Yes, others, specify _____

2 Yes, but only if I have got the same or a higher wage or salary

4 No

707 If your answer for the question 705 is code 2, is there any problem you face to establish your own business? If so, what were the main problems?

1 yes, lack of training

6 lack of training & no place or land

2 yes, no place/ land

7 no place & lack of finance

3 yes, lack of finance

8 others, specify _____

4 yes, absence of license

9 no, there is no problem

5 yes, lack of information ,

II Focus Group Discussion Guidelines

1. What are the problems related to youth in the town?
2. How are the availability /opportunity of jobs/ for youth in the town?
3. How is the risk of youth unemployment in the town?
4. Compared to others, how much the risk of unemployment affect youth in the town?
5. What are the causes of youth unemployment in the town?
6. Is there sex difference in youth unemployment? Who is more unemployed? Why?
7. At which level of education, do youth highly affected by the risk of unemployment? Why?
8. How is the motivation of youth towards work? What are the factors affect their motivation towards work?
9. Is here any problems do youth encounter to start/ participate in your own business? If so what are they?
10. What kinds of responsibilities are expected from youth themselves regarding youth unemployment?
11. What measures do you think reduce the problem?
12. What kind of responsibilities are expected from local administration, employers and community
13. Regarding youth unemployment? What measures have been taken to reduce the problem?

ANNEX II

1 Multi Collinearity Statistics

Variables	Co linearity Statistics	
	Tolerance	VIF
Age	0.898	1.114
Migration status	0.874	1.144
Educational level	0.943	1.060
Work experience	0.854	1.171
Social network quantity	0.811	1.234
Motive toward work	0.927	1.079
Mother's level of education	0.891	1.122
Family income	0.887	1.128

2 Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	10.988	8	0.202

3 Coefficient of contingency Table

	Age	Migrat ion status	Education al level	Work experie nce	Social network quantity	Motive toward work	Mother's level of education	Family income
Age	1.000							
Migration status	.102	1.000						
Educational level	.086	.041	1.000					
Work experience	-.152	.041	-.140	1.000				
Social network quantity	.127	.179	.080	-.314	1.000			
Motive toward work	.089	.096	.080	-.089	.040	1.000		
Mother's level of education	.110	.129	.109	-.079	.295	.097	1.000	
Family income	.078	.116	.175	-.187	.154	.137	.168	1.000



Declaration

The thesis is my original work, has not been presented for a degree in any other university and that all sources of material used for the thesis have been duly acknowledged.

Fekadu Mengistu
Student

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18/06/2012
Date

I confirm that this thesis has been submitted with my approval as the supervisor of the same.

DR. K. DEVARAJ
Advisor

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18/06/2012
Date