SCHOOL OF GRADUATE STUDIES

DETERMINANTS OF URBAN YOUTH UNEMPLOYMENT: THE CASE OF ADAMA CITY, EAST SHOA ZONE, OROMIA NATIONAL REGIONAL STATE

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DECLARATION

I hereby declare that this thesis entitled "**Determinants of urban youth unemployment: The Case of Adama City** has been carried out by me under the guidance and supervision of Dr. Girma Estiphanos.

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

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This is to certify that the thesis prepared by Ahmedteyib Kemal, entitled: ***Determinants of urban youth unemployment The Case of Adama City*** and submitted in partial fulfillment of the requirements for the Degree of Master of Science in Economics (Economic policy analysis) compiles with the regulations of the University and meets the accepted standards with respect to originality and quality.

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ACRONYMS

CSA Central Statistical Agency

DEF Design Effect Factor

EA Enumeration Area

EUSES Ethiopian Urban Socio-Economic Survey

FDRE Federal Democratic Republic of Ethiopia

GDP Gross Domestic Product

HH Households

ILO International Labour Organization

LMI Labour Market Information

MDG Millennium Development Goals

MOY MinistIy of Youth Sport and Culture

MSEs Micro and Small Enterprises

NGO Non- Governmental Organization

SDGs Sustainable Development Goals

SSA Sub-Sahara Africa

UEUS Urban Employment and Unemployment Survey

UN United Nations

UNESCO United Nations education science cultural organization

UNODC United Nations Office on Drugs and Crime

UNSNA United Nation System of National Accounts

USAID United State Agency for International Development

VIF Variance Inflation Factor

WB World Bank

ABSTRACT

Now days, the growth of youth unemployment is one of the critical socio-economic problems facing Ethiopia. It creates many economic and social problems in the economy. The intensity of the problem is high in urban areas in general, Adama city in particular where youth face serious difficulty in getting employment. Despite the severity of urban youth unemployment worsens overtime in Ethiopia; researches done on the area are scanty. The main objective of this study is to identify and examine the demographic and socio-economic determinants of urban youth unemployment in Adama city, East showa Zone of Oromia Region. To achieve the specified objective, both primary and secondary data sources were used. The primary data was collected from 480 sample respondents through structured questionnaire from seven kebeles of the city proportionally. To supplement the primary data, secondary data was also gathered from published and unpublished sources. To come up with the results the researchers employed both descriptive and inferential analysis. The study found that 54% of the respondents are unemployed while 46 % of them are employed. In the case of inferential analysis binary logit model was used. Hence, Variables such as, marital status, work experience, social network, job preferences, mothers and fathers education, and family income are identified as negative and significant determinants of urban youth unemployment in the study area. Whereas gender, education level and migration status of urban youths affected unemployment positively and significantly. Hence, efforts should be made to reduce the level of unemployment by increasing job opportunity for non-educated and non-experienced youths, reducing rural-urban migration and provision of relevant information like as mass media and magazines in the study area for job seekers.

Key Words: Youth, Employment status and Binary Logit

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Youth is definitely among the most important formidable energy and resource in a country for it can be used to accelerate socioeconomic development. In addition that they are large in number; they are energetic, brave and generate new ideas that can make changes to the socioeconomic development if they are well organized and participated in economic activities of the country. Concerning of such standing youth has been faced with many difficulties. If we take the problem of youth unemployment it is a vital challenge for both developed and developing world (Kabaklalri et.al, 2011).

The ability of youth to engage in productive activities has both social and economic consequences for an economy. The challenges of youth unemployment are more serious to developing countries because of the high poverty levels demanding all people to work in order to ensure survival of life (ILO, 2011). As stated by international labor organization's statistics, worldwide youth unemployment has increased by 3.4 million from 2007 to 2012 and is predicted to continue growing in the future. The statistics also indicate that the number of employed youth has declined by 22.9 million in 2012 as compared to 2008statisticsdespite the growth of the youth population by 12 million for the same period (ILO,2013).In developing countries, youth face not only the challenge of obtaining productive employment, but also obtaining safe and acceptable works (Getahun, 2019). Hence, it is a great concern to policy makers of many nations.

Unemployment has resulted not only in economic instability but also triggers social problems. Some of the reasons for economic instability as presented by Kyei and Gyeke (2011) are that it leads for crime, the erosion of human capital, misery and social unrest. In addition, Bakare (2011) also added that unemployment results in psychological problems such as hopelessness, frustration, hostility and gradual drift of unemployed youth into all manner of criminal behavior. According to Shahid et al (2013)in the long-term unemployment always results in creating financial hardships, poverty, homelessness, crime, frustration and many other problems like family tension and breakdown, social isolation, loss of confidence and self-esteem which ultimately leads to the erosion of a healthy society.

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

Consequently, the level of unemployment of a country is widely used as overall status indicators in evaluating the current performance of the economy. Studies indicate that many nations in the world, particularly developing countries, have serious problem of unemployment that could affect their economic performance. According to ILO (2016) some countries that have been characterized by high unemployment rate of age 15+ are South Africa (27%), Lesotho(27.8%), Occupied Palestinian (27.0%), Swaziland (26.3%) and Mozambique (25.2%).Whereas, countries with the lowest unemployment rate are from southern Asia ,such as, Qatar, Cambodia, Thailand, Myanmar, and Bahrain and few African countries such as Niger(0.3%) & Rwanda (0.9%). According to the ILO's new estimation, based on improved data sets and methodologies, the global unemployment rate is expected to fall slightly to 5.5 percent in 2018 (from 5.6 per cent in 2017), which marks a turnaround after three years of rising unemployment rates. However, with a growing number of people entering the labour market to seek employment, the total number of unemployed is expected to remain stable in 2018, above 192 million(ILO, 2018 cited in Dereje, 2019).

In Ethiopia, the aggregate unemployment rate is below 10 percent. But the unemployment rate in urban is eight times higher than rural unemployment. For example, CSA (2016) report indicates that unemployment rate in urban areas accounted 16.5 percent whereas only 2 percent in rural .In addition, female unemployment has higher probability of being not employed compared to males. According to statistical report on the 2018 urban employment unemployment survey result reveals that unemployed population in urban areas of the country was 1,770,294 with unemployment rate of 19.1 percent. This means that about 19 persons are unemployed out of 100 economically active persons aged ten years and above. And also the result shows that, the total unemployment rate depicts a declining from 17.5 percent in 2012 to 16.8 percent in 2015 and thereafter increases from 16.9 percent in 2016 to 19.1 percent in 2018. The differentials of un-

employment rate by sex demonstrate female unemployment rate (26.4 percent) is more than double as compared to male (12.2 percent).

As survey result statistical report also shows, the rate of unemployment for youth 25.3 percent covers 1,096,936 youth unemployed population, which was higher than that of the total, adult and older age categories. Female and male youth unemployment rates were 30.9 percent and 19.0 percent, respectively. The overall youth unemployment rates show a fluctuating trend from 2012 to 2018. The same is holds true for each sex during the last five survey periods. However, female youths are characterized by higher percentage of unemployment rate compared to their male counterparts (CSA, 2018)

There are some empirical studies conducted on urban unemployment in Ethiopia. Given the very dynamic nature of urban areas on the one hand, and the inadequacy and limitation of data, on the other hand, some of the studies conducted so far might relatively be too old to show the recent changes in the labor market. Furthermore, the government has recently been claiming that there has been an encouraging achievement in creating employment opportunities, particularly for the urban youth through its special programs such as Urban Housing Development program and development of micro and small enterprises (MSEs.).

1.2 Statement of the Problem

Unemployment is the main challenges of many countries in the world. The issue of unemployment gets a great attention globally in the agenda of poverty reduction. For instance, the post-2015 development agenda (SDG) includes 17 goals of which the 8th goal focuses on decent work and employment creation of a country**(***World Youth Report: Youth and the 2030 Agenda for Sustainable Development).*

Ethiopian government also gives attention for the implementation of the goal to reduce unemployment. However, there is little improvement in unemployment reduction as the overall performance in employment creation has remained to be sluggish. On the other hand, Economic growth in Ethiopia was continuously in double digit for the last two decades. According to Ethiopia's Development Trends Assessment Report(2017) by USAID indicates that GDP growth averaged 10.4% between 2004 and 2015 which propelled Ethiopia from the second poorest country

in the world to the 11th poorest. Over the same period, the size of the Ethiopian economy has nearly tripled (from US $17.2 billion to US $45.8 billion) GDP per capita is also doubled (from US $730 to US $1,500) and the portion of the population living under poverty line (US $1.90 per day) has decreased by 25%. Similarly, in 2017/18 nominal GDP was 84.3 billion USD which equivalent to 2.2 trillion Birr. Despite the fact that the economic growth is rapid and broad in Ethiopia; but, it fails to absorb all labor forces in the markets.

Even though Ethiopia is one of countries in Africa with fast economic growth, it could not efficiently utilize the work forces that are essential to maintain the economic growth. In other words, the government could not be able to create enough job opportunities that can absorb potential labor forces through adopting appropriate employment policy. Economy is growing but unemployment is raising particularly urban unemployment and the problem is higher among youth. Right now, many Ethiopian youth are migrating to Middle East and European countries. They are facing life challenges everywhere. Thus, the issue of unemployment is crucial and urgent agenda for Ethiopian government.

Unemployment rate in urban areas of regions had limited access to employment opportunities. According to statistical report on the 2018 urban employment unemployment rate by region that relies on the growth of employment opportunities, in Dire Dawa Administration 25.3 percent (36,520 persons), Tigray Region 21.5 percent (148,758 persons), Addis Ababa City Administration 20.2 percent (406,628 persons) and Amhara Region 19.7 percent (373,059 persons) in that order reported above the national average. Benishangul-Gumuz Region 7.2 percent (8,971 persons) is the lowest unemployment rate. The rest of urban areas of other regions fall between 10 – 19 percent of unemployment rate in 2018.As regards, Oromiya Region contributed the largest share of unemployed population to the total urban areas of the country by 456,147 persons with 18 percent unemployment rate. This implies that the share of unemployment to the country total go along with the population size of urban areas of each regions.

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

Adama is one of the capital cities in Oromia National Regional State with rapid population growth. According to statistical report on the 2018 urban employment unemployment survey reveals the rate of unemployment in Adama was found that 44,448(23.5%)which of them around 28181 youth unemployed populations, in the town are. According to the projected population data in 2019, the size of population of the sparkling city of Adama was of 433046 of which 216,046 and 217,000 is male and female respectively. And also as office data shows, in (2017/2018) population size of the town increased from 413,236 to 433,046 in (2018/2019) this implies that the city manifests the problem of unemployment. The facts displayed that youth population is one of the segments of the town population affected by the problem. So under this circumstance where the population growth is alarming and rural urban migration is continuous due lack of job opportunities in the rural areas of the zone, high youth unemployment would be occurred in the town.

However, to the best of my knowledge, no studies were conducted on the determinant of youth unemployment in the town and have received research attention so far. Identification of those determinants of unemployment is very important to formulate proper employment related economic policy that helps to reduce unemployment rate for the country as general and for the study area particularly. Therefore, the aim of this study is to examine the characteristics and determinants that affect youth unemployment status in urban Ethiopia with a special emphasis on Adama city that help to formulate proper policy to take action in reducing unemployment.

1.3 Research Question

This study attempts to address the following basic research questions at the end of the study.

- ✓ What are characteristics of urban youth unemployment in the study area?
- ✓ What are the major determinants of youth unemployment in the study area?
- ✓ What are possible policy interventions to improve the employability of the youth?

1.4 Objective of the study

1.4.1 General Objective

The general objective of this study is to examine the characteristics and determinants that affect youth unemployment status in urban Ethiopia with a special emphasis on Adama city.

1.4.2 Specific Objectives of the Study

The specific objectives of this study are:

- ✓ To explore characteristics of urban youth unemployment in the study area
- ✓ To determine the major factor(s) of urban youth unemployment in the study area
- ✓ To forward some policy to address the issue of urban youth unemployment

1.5 Significance of the Study

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

Accordingly,

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

1.6 Scope of the Study

Unemployment is the key problem of youth in Ethiopia. Likewise the number of unemployed youth is increase in Adama city from time to time. But this study has been focused mainly on the Determinants of Urban Youth Unemployment in Adama city, specially focused on urban kebele's of the town because to cover the over all areas of the country remain a numbers of problems that constraints such as lack of enough time and skilled human power. Although according to United Nation's definition, the youth comprises of the age limit 15-24 but for the purpose of this study, the term 'youth' follows the Ethiopian context definition of those persons between the ages of 15 and 29 years (FDRE, 2004).

1.7 Limitations of the Study

The major difficulty encountered during this study was mostly due to missing data in most the variables of the data set. This caused the researcher not to capture relevant information on the variables. Similarly the study faces challenges of coverage of the total population, because such type of study might be requires the consideration of large sample size. Other additional limitation occurs due to unwillingness of respondents' cooperation or interviewer error, address changing, the frequency of interviewing may arise because of faulty responses due to vague questions, memory errors, deliberate distortion such as prestige bias, in appropriate informants, miss recording data of responses and interviewer effects. Beside the above limitations since the study is specified to a single town this may create some problem in generalizing the whole challenges of youth unemployment in the country level. Assessing the determinants of youth unemployment is difficult as it is the collective effect of different socio-economic and demographic factors.

1.8 Organization of Chapters

This research thesis is organized as follows. Chapter one covers background of the study, statement of the problem, objectives of the study, significance and limitations of the study. Chapter two covers literature of past researches done in relation to youth unemployment and broad unemployment. Chapters three discusses the methodologies used in this paper to reach the objectives set in the chapter one. Chapter four discusses the findings of the result; chapter five discusses conclusions and recommendation of the research.

CHAPTER TWO
LITERATURE REVIEW

2.1 Theoretical Literature

2.1.1 Concepts and Definitions

Economically Active Labor Force: As defined by the United Nation System of National Accounts (UNSNA), economically active population comprised all persons of either sex who furnish the supply of labour for the production of goods and services. In other words, it refers to persons who are engaged in work or available to engage in the economic or productive activities.

Employed Labour Force: The employed population is defined as persons above specified age who perform some work for wage, salary, profit or family gain in cash or in kind during the reference period. More generally, employed persons are those people who are engaged in economic activity to produce goods and services as defined by UNSNA.

Employed person: -According to the ILO definition, those people who have worked more than one hour during a short reference period (generally the previous week/day),(ILO, 2011).

In this regards, there are important indicators of employment such as employment-to-population ratio, employment by occupation and industry, status in employment, number of hours worked and payments.

Economically Inactive Population: This refers to persons who are neither engaged nor available to provide their labour. Economically inactive population are not considered as unemployed person and they are excluded from unemployment analysis because of not fulfill the definition of unemployment.

Unemployed Labour Force: According to ILO definition, it is a person of working age (15 or above) who being without employment, available for work and actively looked for a job in the previous month. Based on this definition it is calculated by taking the difference between economically active labour forces and employed labour force.

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

Unemployment rate: -The fraction of the labor force that is unemployed, i.e. the number of unemployed divided by the total labor force (ILO, 1992).

Youth: - The UN defines youth as the age group between 15 and 24 years old, but, the term 'youth' follows the Ethiopian context definition of those persons between the ages of 15 and 29 years (FDRE, 2004).

Youth labor force: - Consists of people between 15 and 29 years old who are either working or actively looking for work, excluding youth who are economically inactive (MOY, 2004).

2.1.2 Types of unemployment

Several types of unemployment may be experienced in an economy such as that of Ethiopia and they include: frictional, seasonal, cyclical and structural unemployment.

2.1.2.1 Structural Unemployment

Structural Unemployment, one types of unemployment, is associated with the mismatch of jobs and workers due to the lack of skills or simply the wrong area desired for work. Structural unemployment depends on the social needs of the economy and dynamic changes in the economy software. Workers who find themselves in this situation find that they need to acquire new skills in order to obtain a new job (ILO, 2007). Structural unemployment is hard to separate empirically from frictional unemployment, except to say that it lasts longer.

In other words Structural unemployment is unemployment which is the outcome of absence of demand for the workers that are available.

There are two major reasons that cause absence of demand for workers in a particular industry**:**

1. **Changes in Technology**: As personal computers replaced typewriters, typewriter factories shut down. Workers in typewriter factories because unemployed and had to find other industries to be employed in.

2. **Changes in Tastes**: If bagpipes become unpopular, bagpipe companies will go bankrupt and their workers will be unemployed.

Seasonal unemployment may be seen as a kind of structural unemployment, since it is a type of unemployment that is linked to certain kinds of jobs (construction work, migratory farm work).

2.1.2.2 Frictional Unemployment

Frictional Unemployment is always present in the economy, resulting from temporary transitions made by workers and employers or from workers and employers having inconsistent or incomplete information. This type of unemployment is closely related to structural unemployment due to its dependence on the dynamics of the economy. It is caused because unemployed workers may not always take the first job offer they receive because of the wages and necessary skills. This type of unemployment is also caused by failing firms, poor job performance, or obsolete skills. This may also be caused by workers who will quit their jobs in order to move to different parts of the country. Frictional unemployment can be seen as a transaction cost of trying to find a new job; it is the result of imperfect information on available jobs. For instance, a case of frictional unemployment would be a college student quitting their fast-food restaurant job to get ready to find a job in their field after graduation. Unlike structural unemployment this process would not be long due to skills the college graduate has to offer a potential firm (ILO, 2010).

Sources of frictional unemployment include:

- People entering the workforce from school.
- People re-entering the workforce after raising children.
- People changing employment due to quitting or being fired (for reasons beyond structural ones).
- People changing careers due to changing interests.
- People moving to a new city (for non-structural reasons) and being unemployed when they arrive.

2.1.2.3 Cyclical Unemployment

Unemployment that is attributed to economic contraction is called cyclical unemployment. The economy has the capacity to create jobs which increases economic growth. Therefore, an expanding economy typically has lower levels of unemployment. On the other hand, according to cyclical unemployment an economy that is in a recession faces higher levels of unemployment.

When this happens there are more unemployed workers than job openings due to the breakdown of the economy. This type of unemployment is heavily concentrated on the activity in the economy. To understand this better take a look at our Business Cycles section. For instance, advances in technology and changes in market conditions often turn many skills obsolete; this typically increases the unemployment rate.

For example, laborers who worked on cotton fields found their jobs obsolete with Eli Whitney's patenting of the cotton gin. Similarly, with the rise of computers, many jobs in manual book keeping have been replaced by highly efficient (ILO, 2009).

2.1.2.4 Seasonal unemployment

It arises when workers are laid off during off seasons. This type of unemployment is common in sectors such as agriculture.

Other concepts related to unemployment are long-term unemployment and hidden unemployment.

Long-term Unemployment: Long-term unemployment in European Union statistics, defined as unemployment lasting for longer than one year.

Disguised (hidden) Unemployment: Disguised occurs when people do not have full time employment, but are not counted in the official unemployment statistics.

This may include:

- People on sickness / disability benefits (but, would be able to do some jobs)
- People doing part time work.
- People forced to take early retirement and redundancy

2.1.3 Theories of Unemployment

The theoretical issues of unemployment attempts to explain the causes and effects of unemployment in many nations. Economic literature provides many explanations for the determinants of unemployment. Some causes blame the economic systems, and others blame other factors such as foreign debt and population growth. Still, other theories shift the problem to external sources and shocks, or unpredictable events, and other argue that technology and labour market institutions are the causes of unemployment. In addition, other theories assumed that deficiency in ag-

gregate spending and innovations are the essential factors for explaining the problem of unemployment.

2.1.2.1 Human capital theory

According to this theory, education is considered as an important asset for economic development as well as securing decent and productive job. Schultz (1961) noted that education plays a great and significant role in the economy of a nation. It increases the productivity and efficiency of people by increasing the level of cognitive stock of economically productive human capability which is a product of innate abilities and investment in human beings. He further illustrated that education increases the chances of employment in the labour market, allows people to reap pecuniary and non-pecuniary returns and gives them opportunities for job mobility, and leads to greater output for society and enhanced earnings for the individual worker. He furthermore, stated that higher education provides 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. Thus, education plays an important role in determining the employment status of an individual.

2.1.2.3 Social Capital Theory

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

Community is central to theories of social capital in that norm, values, and networks produce and reproduce communities, are they geographical, face-to-face neighborhood communities, informational communities and networks, or civic communities of social or political engagement. Social capital is concerned with specific types of social bonds that sustain a sense of connection among individuals. Popular anxieties about a loss of community have entered social scientific discourse through the concept of social capital. This theory advances on the necessities of the social relation which help as the means to find a job.

(Granovetter, 1973) noted that a close relation or social networks within the people are regular, expressively concentrated association with the colleagues, and other members of workers as cited by (Aslefew, 2011). The latest news will be easily dispatched and shared among other members and creates conducive condition for the accessibilities of the job. Social capital is concerned with specific types of social bonds that sustain a sense of connection among individuals. Popular anxieties about a loss of community have entered social scientific discourse through the concept of social capital.

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

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

2.1.2.4 The Job-Matching Theory

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

For example, businesses in a certain area may require young people with advanced information technology skills. A young person living in this area but without these skills will have difficulty finding a job his/her skills are not matched to the demand. Down a similar line of reasoning, a young person with the required skills set but living in an area where these are not in demand because employers are looking for agricultural workers, will have an equally difficult time finding work or may become underemployed.

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

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

Skills mismatches are generally caused by two factors. Firstly, at a general level, the school curriculum may not provide the skills employers are looking for. In most education systems, there is still a clear lack of practical and experiential learning as well as of teamwork learning. Experiential learning is very rarely used, as an effective way of gaining knowledge and experience, yet it is probably the most powerful way of learning entrepreneurship. Moreover teachers and university professors often have only limited experience in, and understanding of, small businesses and self-employment. So they are not adequately trained or educated to teach entrepreneurial skills young people. Secondly, the absence, or inaccuracy, of Labour Market Information (LMI), i.e. information on what skills are in demand and where jobs are, will lead to many young people making a choice of career that is not based on the realities of the labour market.

2.1.2.5 The Theory of Job Search

Stephen and Jackman formulated the theory of job search. For Stephen and Jackman (1991), a typical unemployed person looking for work is expected to pass three stages. At stage one; he/she collects information about job vacancies. Vacancies come with different pre-assigned wage and conditions. In stage two, he/she decides to apply for the vacancies that he/she learns of. The decision to apply for it depends on the expected value of getting a job or not. Lastly, he/she

accepts the offer of any job for which he/she applied in getting it. The success of individual's application depends on his/ her personal characteristics. Thus, they concluded that individual factors and the degree of competition from other job seekers could affect the chance of finding a productive job.

2.2 Factors that influence Youth Unemployment

Youth unemployment is the outcome of different socio-economic and demographic factors at macro and micro level. The micro level factors are directly associated to individuals' demographic and socioeconomic attributes while the macro level factors are related to the national issues (Toit, 2003). This study emphasizes on assessing individuals' demographic and socioeconomic attributes that influence youth employment. These are broadly classified as demographic and socio-economic factors. The detail is presented as follows.

2.2.1 Demographic Factors of Youth Unemployment

2.2.1.1 Rural Urban Migration

The movement of young people is one of the causes for the high levels of urban youth unemployment problem in most developing countries (Raphael, 2005). Since young people view migration as an avenue to improve their status and learn new skills, they move in to urban areas for various reasons (Harris, 2010). Similarly, ILO (2007) and MOY (2004) noted that migration of young people in their twenties is very high in Africa. Moreover, they also state that youth often move to institutions for education and training, but many migrants move for employment related reasons followed by their families. In line with this, Okojie (2003) depicted that migration of youth has resulted in a concentration of youth in cities and towns where there are few jobs available in modern sector establishments.

In addition to this, Todaro (1994) and Mlatsheni and Rospabe (2002) state that rural to urban migration of young and educated people is the very root cause for the high and ever rising levels of urban unemployment. A study conducted by Anh *et al* (2005) and Yisak (2006) showed that youth having migration experience are more likely to be unemployed than other migrants. Confirming this, Nwuke (2002) noted that young migrants are highly unemployed in urban areas. He further stated that in a context where social relations are as crucial as qualifications, young urban migrants searching for a job face an uphill struggle of surviving, with limited social networks.

Sarr (2000) also reaffirmed that youth migrants are three times more unemployed than other migrants in Africa. It might be possible to deduce that young migrants are more vulnerable to unemployment in urban areas.

2.2.1.2 Sex

According to Halleriid and Westberg (2006), being one of the demographic variables, sex reveals substantial differences between female and male with respect employment opportunity. Females are vulnerable both in short term and long term unemployment than males. ILO (2004a) also conforms the activity rate of young males have been much higher than that of young females due to the different opportunities society provide to males and females, and domestic activities for personal or household use. Strengthening this point, Mlatsheni(2002) and Rospabe (2009) found that lack of employment is more severe for females than for males as 63 percent of economically active females are unemployed whereas 53 percent of males remain without jobs in South Africa. They further noted that one of the reasons behind females' unemployment is that girls spend much time in doing domestic work than boys. This leads them to poor academic performance and sometimes withdrawal from education. It could be concluded that girls therefore end up with less education and limited skills, and thereby resulting in high number of unemployed females.

In the same manner, differences between male and female with respect to employment has also been prevalent in Ethiopia. With this regard, Guracello and Rosati (2007) state that female youth across all ages are more likely to be unemployed and are much more likely to be jobless than male youth. Another research conducted by Berhanu *et.al* (2005) noted that unemployment rate among young female (20.24) was 38.7 percent while it was only 23.2 percent for young male in the same age category during the same year. Besides, the CSA (2010a) unemployment report also shows that out of 1,168,591 unemployed persons 41.2 percent were female youth.

2.2.2 Socio-Economic Factors of Youth Unemployment

2.2.2.1 Education

Education is one the basic factors of youth employment. The achievement of lower educational level reduces the chances of getting decent and productive jobs in the world of work In line with this, Salvador and Killinger (2008), WB (2009), and Morris (2006) noted that unemployment rate of less educated youth tends to be higher than the unemployment rate of more educated

youth in developing countries because their skills and competencies may not correspond to the demand of the labour market, In other words, the chance of getting employment for more educated youth is higher as compared to lower educated youth since they had the required knowledge and skills, Similarly, Mlatsheni and Rospabe (2002) found that young people with secondary level education (from grade 8 to grade 12) do not have a better chance to get a job than people with no education. ILO (2004a) also confirms that young people with some education are vulnerable to unemployment due to the lack of knowledge and skills required by the labour market.

Accordingly, unemployment is higher for youth had lower educational level in Africa. With this respect, Okojie (2003) stated that unemployment in Africa concentrated among youth who have received some education, He further added that youth who had limited education lack the industrial and other skills demanded in the labour market, thereby making them unattractive to employers who prefer skilled and experienced workers. Confirming this idea, Haji (2007) and Anh *et al* (2005) found that youth who attain limited education are more prone to unemployment in the continent. In addition to this, they noted that, training in Africa remains largely unrelated to the labour market needs, which foster the existence of a degree of mismatch between the demand for and supply of education.

In the same fashion, less educated youth has also been faced the challenge of being unemployed in Ethiopia. In this regard, Guracello and Rosati (2007) found that among youths, the less educated youth face more difficulties in finding employment in urban areas of the country.

2.2.2.2 Work Experience

According to ILO (2004), the lack of work experience reduces the chances of getting employment in the modern sectors of the economy. On the other hand, it also added that young people having work experience, something very much desired by most employers, increases the possibilities of getting employment. Similarly, a study conducted by Foot (1986) found that because of limited work experience and other personal characteristics, youth unemployment tends to be high.

Moreover, Osterman (1980) noted that employers with desirable job characteristics preferred to hire persons who already had some experience in the labour market. This invariably excluded

young entrant from the labour force. Anh *et al* (2005) and Hassen (2005) also illustrated that besides to insufficient work experience, poor work habits, unreliability, and lack of dedication to the job lead to the segmentation of young workers. They further noted that employers are usually hesitant to hire young people who have little or no practical work experience since the costs to retrain and/or upgrade skills of young workers are often too high. As a result, youths are suffering from the lack the work experience, so that they spend considerable time in looking for a job.

2.2.2.3 Household income

Household income is one of the socioeconomic factors that contribute to the problem of youth unemployment. ILO (2004b) indicated that unemployment rates among young people tend to decline as household income increases. Youths who reside in a better off family had higher chance of getting employment since their family tends to invest more in the education of their sons or daughters. Likewise, a research conducted by Anh *et al* (2005) and Rees and Gray (1982) found that family income serves as an important factor in determining the employment experience of Vietnamese youth. A family in which a young person lives is the strongest predictor of his or her future in the job market. On the other side, they added that youth who reside in low income earning family are less employed in the labour market.

Correspondingly, Morris (2006) showed that the significant effects of family economic status, paternal occupation, education and parental divorce are notable in affecting the employment status of youth. He further noted that a better income earning household had a number of opportunities, i.e. higher income can enable youth to have greater access to education, information and connections. This could facilitate easy access to employment opportunities available in the market. Also ILO (2010) reveals that young people who reside in low income household have higher likelihood of being unemployed than adults of being among the working poor. It also indicates an estimated l52 million young people were living in poor households (with per-capita expenditure below US$1.25 a day) in 2008, were unemployed. Strengthening this point, a study conducted by Echebiri (2005) depicts that unemployment has affected youths from a broad spectrum of socioeconomic groups, both the well and less well educated, although it has particularly stricken a substantial fraction of youths from low income backgrounds.

2.2.2.4 Mothers and Fathers Education

Social network and status in family background have too much influence on youth unemployment. If parents are unemployed, low education, live in poverty, are likely to replicate similar style to the youth people, in the same way. Anita (2012) explained that family background in education has its own impact on the supplementation of youth to the labor market and also they stated that the higher the parents are educated, the less number of firms visited, and large proportion of youth who have got job. (UNESCO, 2012) indicated that as a measure of social status, family education's is an important factor in determining employment status of youth. So, youth who had well educated parents could face less difficulty in getting jobs compared with those youth whose parents were less educated or illiterate.

Similarly, Schiefelbein and Farrell (1982) stated that family background in particular father education has an impact on the insertion of youth to the labor market. They also indicated that the higher the education of the father, the smaller the number of firms visited, and the higher the proportion of individuals who have found employment. Furthermore, Morris (2006) noted that as a measure of social status, father education's is an important factor in determining employment status of youth. Therefore, youth who had well educated father could face less challenge in finding jobs compared with those youth whose father were less educated or illiterate.

2.2.2.5 Job Preference

Instead of perceiving for rewarding employment, self or otherwise, the youths waited for the government to find employment for them (ILO, 2010). The Ethiopian government has these days eyed on creating much more job opportunities for a number of citizens thereby reducing youth mobility caused by poverty, through innovative policies that will create jobs and businesses for young people in micro and small enterprises, urban agriculture, agricultural undertakings both in rural urban areas (Xinhua, 2019). A study conducted by Echcbiri (2005) in Nigeria found that most young job seekers preferred employment in the private sector. They would like to work in banks, oil companies, manufacturing companies, major marketing companies, and so on. While a large proportion of youth also preferred to work in the public sectors. With this regard, Berhanu *et al* (2005) indicates wrong kinds of attitudes and job expectations on the part of youth is prevalent, including the preference for white collar jobs as opposed to agricultural and manual work. Moreover, they state that one of the reasons for wrong kinds of attitudes towards jobs is the inad-

equacy and excessively academic orientation of the educational systems of the country, and the result is still visible in the current situation. Therefore, job preference could be seen as a factor for youth unemployment (Asalfew, 2011).

2.2.2.6 Social Networks

Social capital is key properties to search employment. Social networks are vital instrument to find a job in urban areas with less expense and difficulty Social capital (Adams, 2008). Found that youth who use social networks in finding employment are successful. On the other hand Coleman, (1990) and Granovetter (1983) they also showed that young workers not utilizing personal networks may miss job opportunities available through personal networks. Similarly, Fernandez and Kelley (1995) also confirmed that youths with limited or deficient personal networks may lack knowledge of employment opportunities available in the state or regions. Consistently, Holzer,(1996) also discussed that the lack of labour information can be harmful to young people labour market outcomes, which are influenced by an individual's access to employment information via social networks. Toti, (2003) also noted that lack of labour market information and access to the main information networks in the labour market decreases the chance of getting employment.

2.3 Consequences of Youth Unemployment

The inadequate employment situation of youth has a number of socio-economic, political and moral consequences (Berhanu et.al, 2005; Toit, 2003). Some of the consequences of youth unemployment are as follows.

Unemployment fosters drug addictions among youths: Unemployed young people are more likely to abuse illicit substances than are employed young people. According to UN (2003) report, unemployed youth are the main drug users in Sub Sahara Africa, which accounts 34 million young people representing 7.7 percent of the continent's youth population. The report also indicated that Cannabis sativa or marijuana is the main drugs consumed by youth in the region. Similarly, Curtain (2000) stated that in the continent, delinquency, crime and drug abuse are on the increase among unemployed youths. Other scholars Chigunta (2002) and Haji (2007) also confirmed that some of the unemployed youth have become drunkards; others are on drugs such as marijuana and mandrax. Therefore, unemployment fosters drug addictions among youth.

Youth unemployment contributes to crime and violence: Youth unemployment also contributes for the prevalence of crime and violence in societies where employment opportunities are limited. In line with this, Okojie (2003) and Haji (2007) found that many unemployed youth run criminal enterprises engaged in violence, armed robbery, car snatching, illegal fuel sales, and illegal importation of arms. Some of which have reached alarming levels in several African cities, having names such as "Area Boys" in Nigeria and "Manchicha" in Uganda. Echebiri (2005) also noted that urban society is becoming increasingly criminalized, especially with the proliferation of youth gangs. He added that crime and violence have been increasing in many parts of Sub-Saharan Africa as a result of youth unemployment. Further, Chigunta (2002) states unemployed and disaffected youth appears to play a significant role in African conflict

Unemployment results in psycho-social problem on youth: Unemployment is a stressful life event that makes people unhappy. Increases in the unemployment rate lower the happiness of evelyone, particularly the unemployed (Bell and Banchflower, 2010). Consistent to this, Toit (2003) also found that depression experience is the consequences of unemployment. Moreover, Berhanu *et.al (2005)* state unemployment results social exclusion and a sense of hopelessness on youth.

Commercial sex work is common among young unemployed girls: Youth unemployment also facilitates the development of street youths. Likewise, Echebiri (2005) noted that unemployment has driven many young women and girls into sex work in Africa. Struggling to Support their families and provide care members of the household, they are often restricted in their opportunities for education and training. The lack of job opportunities and their disadvantageous social role make them more likely to end up as sex workers. Okojie (2003) also explained that lack of employment opportunities has contributed to increasing feminization of poverty, and also encouraged prostitution as a means of survival in several African towns and cities. Further, ILO (2005) stated that, in Ethiopia, young unemployed women are unwittingly drawn into prostitution

2.4 Economic costs of unemployment

Unemployment affects economic development: Youth unemployment is challenging not only for those affected, but also for the economy as a whole. Salvador and Killinger (2008) found that unemployment among young people implies unutilized labour potential and thus has a negative impact on potential growth of the economy. Similarly, Berhanu *et.al* (2005) state that unemployment is the failure to make use of an important factor of production for fostering economic growth. On the other hand, the increase in criminality in a country as a consequence of youth unemployment causes losses in foreign direct investment. For example, foreign investors have cited crime as the biggest deterrent for investment (UNODC, 2003).

2.5 Empirical Evidences

There are a numbers of studies have looked at different aspects of the urban labour market in Ethiopia (Krishnan, 1996; Krishnan et al., 1998; Krishnan, 2001; Serneels, 2001; Bizuneh et al., 2001, Getinet, 2003; Asalfew, 2011; Tegegne, 2011; Asmare and Mulatie,, 2014; Gebeyaw, 2011; Nganwa et al., 2015; Dejene et al., 2016 and Aynalem et.al(2016).

Some studies from Ethiopia indicate that the potential causes of unemployment in urban Ethiopia include increasing number of youth labor force, the rising internal migration, literacy rate, poor to modest macroeconomic performance, low level of job creation and low level of aggregate demand in the economy (Getinet, 2003; WB, 2007). Youth unemployment is the outcome of different socio-economic and demographic factors at macro and micro level. The micro level factors are directly associated to individuals' demographic and socioeconomic attributes while the macro level factors are related to the national issues (Toit, 2003).

Asalfew (2011), the multivariate analysis showed that sex, migration, education, social network, job preferences and access to business advisory services significantly determine youth unemployment in Debre Birhan town. However, household income, father education, and marital status were found insignificantly related to youth unemployment.

According to Tegegne (2011), examined the association between socio-demographic variables and unemployment in Addis Ababa, the econometric analysis has confirmed that sex and age are statistically significant and have negative relationship, signifying the inherent problem of unem-

ployment among women and the youth. Regarding migration status, in spite of the type of job, a migrant is more likely to be employed than a non-migrant. This result can be an indication of the obvious fact that there is unmet demand for domestic and casual labor in the city, a pull factor for the rural poor and marginalized youth, particularly women. Thus, given the existing push and pull factors from rural areas and the unmet labor demand in urban centers; the migrants' supply of labor would be mutually beneficial to both the urban as well as the rural communities.

Dejene et al., (2016), conducted the binary logistic regression to assess the determinants of youth unemployment at Ambo, Ethiopia. Their result showed that among the demographic variables, age of the respondents and migration status were significantly related to youth unemployment whereas marital status of the respondents was not significant. From the human capital variables included in the model, education and health status of the respondents were significantly related to youth unemployment, whereas participation in employment related trainings was not statistically significant. Among the economic determinants, household income, access to credit and saving services and work experience were significant. Access to job information and psycho-social factors were the two social capital variables that were significantly related to youth unemployment. As youths are more vulnerable to unemployment, efforts should be made by the government to provide credit and training so as to facilitate their entry into business and entrepreneurship. Migrants are the victims of unemployment in town. Therefore, the pushing factors of migrants should be identified to arrest the continuous drift of youth towards urban areas as this may worsen the unemployment situation in urban areas.

Asmare and Mulatie (2014) stated the major factors supposed to be affecting urban youth unemployment, particularly graduates from higher institutions. These were: lack of good governance (nepotism, corruption, bias and discrimination), lack of social networks, divergence between skills and the labor market and low quality educational policy and system.

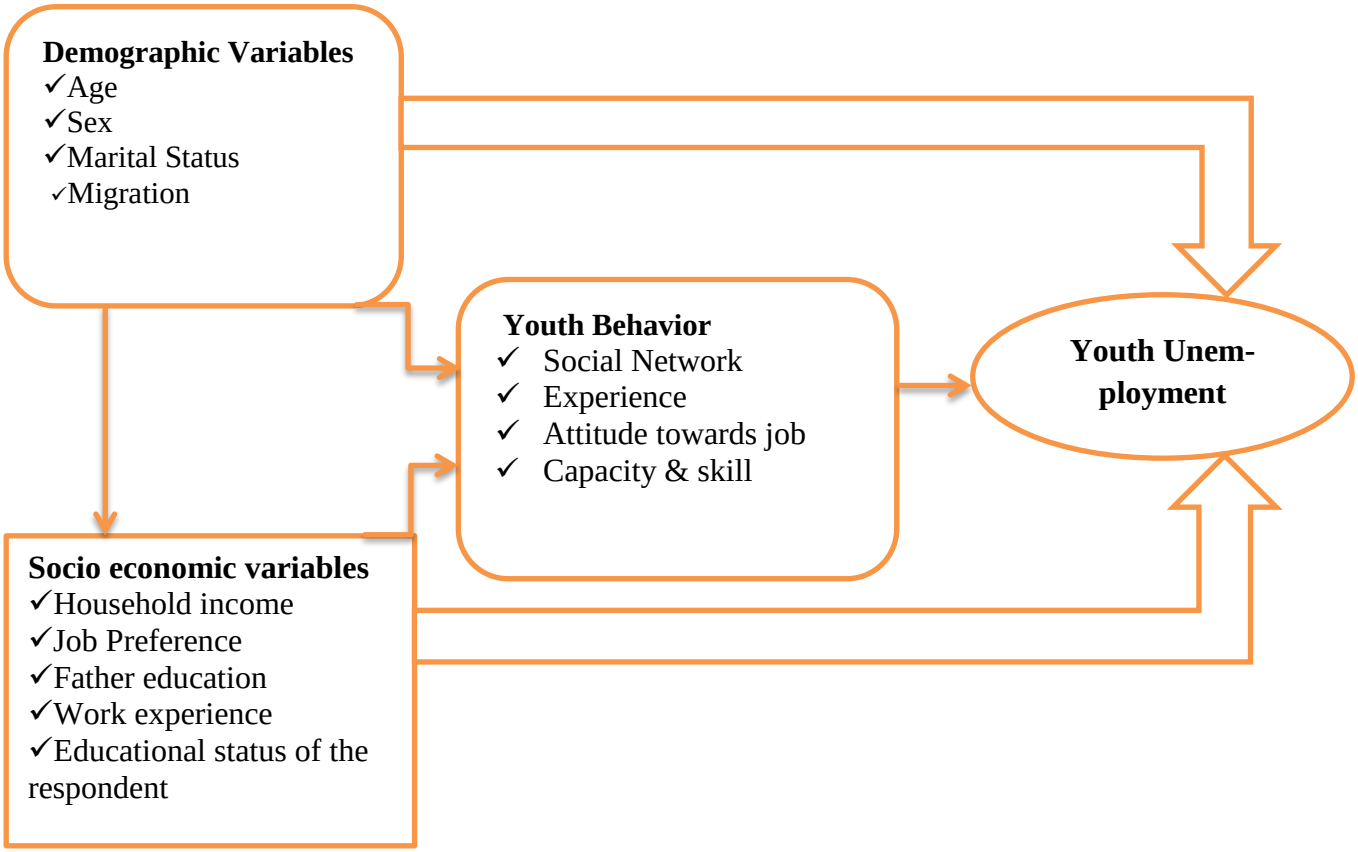
According to Nganwa et al (2015), between 2006 and 2011, the prevalence of urban youth unemployment was high as compared to the total unemployment rate in Ethiopia. The study showed that place of residence (regions), gender, age, and marital status significantly affect the urban youth unemployment.

Aynalem Shita *et al* (2016) examined the factors which determine urban youth unemployment in East Gojjam zone of Amhara Region, Based on the result of the logit model, seven of the explanatory variables were found significant determinants of urban youth unemployment; of which age, work experience, skill match, social network, and family prosperity affects unemployment negatively whereas education and migration status of urban youths affects unemployment positively. The finding of the study indicated that urban youths who attend higher education are more unemployed compared to illiterate at 10% level of significance. However primary and secondary education did not affect unemployment significantly. In addition, it is found that migrant urban youths are more likely to be unemployed compared to non-migrants.

2.6 Conceptual Framework

There are different factors that are responsible for youth unemployment. Hence, unemployment is a complex and dynamic socio-economic phenomenon. The following conceptual framework gives a brief illustration about factors that determine youth unemployment in case of socio-economic and demographic determinants was identified.

Figure 2.1: Conceptual framework of urban youth unemployment



Source: Developed by Researcher, 2020

CHAPTER THRER

METHODOLOGY

3 Introduction

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

3.1 Description of the study Area

Adama town spatially positioned at a crossroad in southeast of Addis Ababa at a distance of 99 km and 84.7 kilometers via old and express road respectively along all-weather road that leads from Addis Ababa to the sea port of Djibouti. According to the information gathered from *Adama* town land management and development office, *Adama* city stretches astronomically from 8^0 27' " 00" to 8^0 37' "00" North latitude and 39^0 12' " 00" to "39^0 27' " 00" East longitude at an average altitude of 1700 m above mean sea level. According to the projected population data in 2019, the size of population of the sparkling city of *Adama* was 433,046 of which 216,046 and 217,000 is male and female respectively which indicates rapid urban growth of the town. Topographically, Adama and its surrounding are associated with diversified land forms consisting of fault scraps and fault-controlled depressions covered with sediments and volcanic domes and cones.

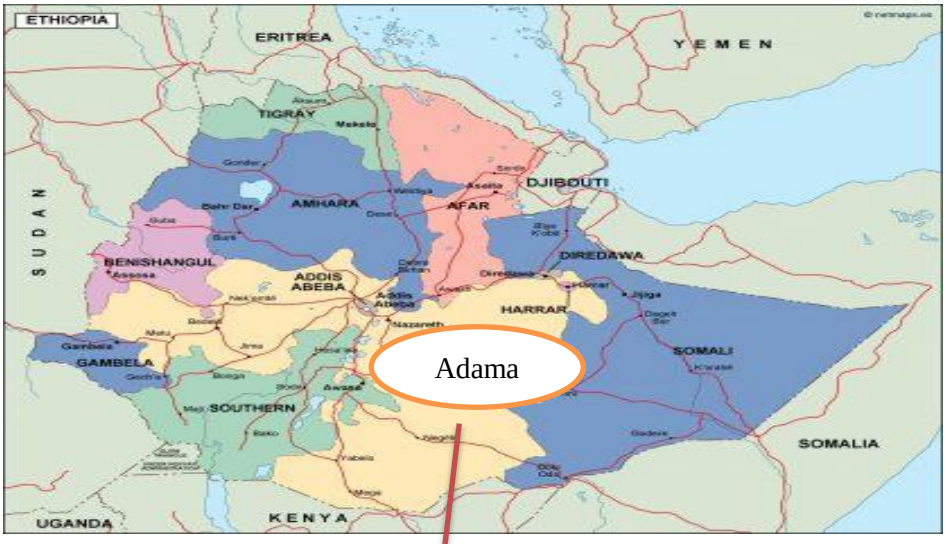
According to National Meteorological Agency Adama Branch Directorate Adama Meteorological Station Climatic Data report the area it enjoys hot and dry weather for the greater part of the winter and warm and sunny climate in summer. The minimum average and maximum average annual temperature was 12.95 ^{o}c and 31.68^{o}c in the year 2018/19 (2011E.C) respectively. Similarly, the minimum annual total and maximum annual total rainfall was 952.56 mm and 826.6 mm in the year 2018 and 2019(2010 and 2011 E.c) correspondingly.

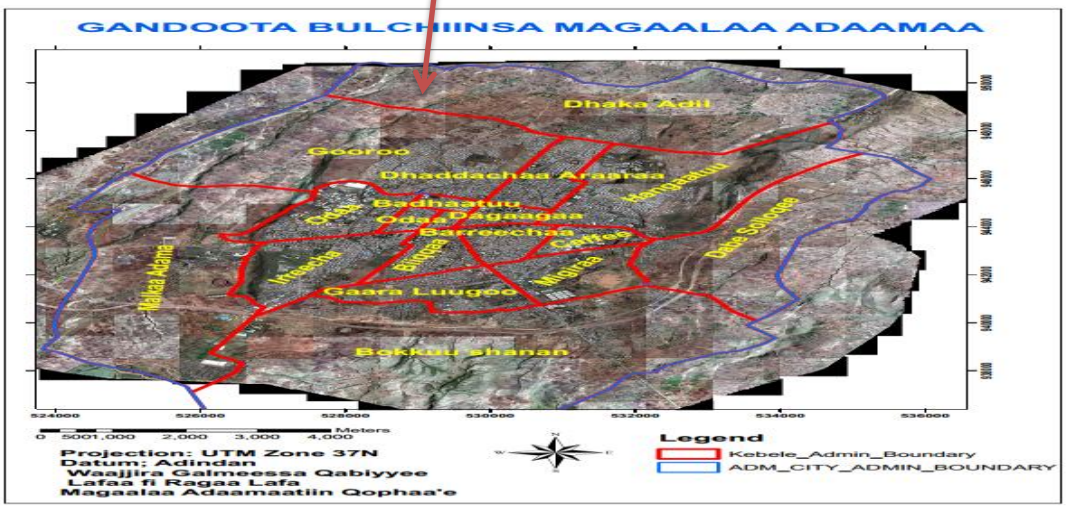
Adama is one of the most developing city, a conference center and a tourist resort in Ethiopia, it is expected that a lot of construction is going to be done in the future. For the implementation of

good governance and to deliver service for the community in the proximate by the municipality divides the town in to six sub cities and fourteen urban and four rural kebeles.

As the report from micro and small scale enterprise agency of the cities shows unemployed youths in the town are cooperated under different socio-economic activities. As report show during the past nine years, from 2010-2018 (2002-2010 E.C) 100,232productive youths engaged in MSEs Among these, those engaged in service, manufacturing, construction, urban agriculture and trade sectors were 41.0%,20.4%, 17.2%, 12.1%, and 9.4% respectively. Similarly, out of those engaged in MSEs above males and females were 65.1% and 34.9% respectively.

Location map of the Town





Source;-land administration and management office of Adama city administration

3.2 Type and Sources of Data

To attain the stated objectives, data has been collected both from primary and secondary sources. A cross sectional primary data was collected from selected respondents in the study area through structured questionnaire. The questionnaire was designed in such a way that it could help the investigators to dig out detailed information on respondents demographic, social and economic characteristics. Moreover, secondary data was also gathered from published and unpublished documents obtained from necessary institutions so as to generate additional information on the characteristics of unemployment in the study area.

3.3 Method of Data Collection

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

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

The questionnaire, which consists of structured questions, was prepared to collect information on both demographic and socio economic characteristics of the respondents. The questionnaires originally prepared in English and for ease of understanding by respondents were translated into Amharic and Afan Oromo that it helps to assess the content, clarity, and logical flow of the questions and the time needed on average to fill out a single questionnaire. Depending on the results of the survey, the data collection instruments were finalized after making the necessary corrections and reorganizations.

3.4 Sample Technique and Procedures

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

Stage 1: The primary sampling units were kebeles. Seven kebeles namely Kebele 01, 03, 06, 07, 10, 11 and 14 out of the fourteen kebeles in the town were selected using simple random sampling techniques due to greatest numbers of urban dwellers are stayed there.

Stage 2**:** The secondary sampling units were enumeration areas. Enumeration areas were selected using simple random sampling techniques. Two enumeration areas from each the seven kebeles, a total of fourteen enumeration areas were selected for the study. In each enumeration area, fresh lists of households were prepared at the beginning of the survey. The study kebeles and enumeration areas were selected based on sampling frames prepared from the housing registry available at the kebele administrative offices. The reason of the focus in this enumeration has to do with its dense population.

Stage 3: Using fresh list of households in each enumeration areas as a sampling frame, samples were selected using systematic random sampling techniques for the study.

3.5 Sample size Determination

In order to determine the sample size required for the study we used the formula proposed by (Cochran's, 1963).

That is,

$$\boldsymbol{n = \frac{pq(Z\,\alpha/2)^2}{\varepsilon^2}}$$ Where, n is sample size

P-is the proportion of youth, those unemployed,

q-is the proportion of youth, those employed,

α- is marginal error, E = 5% is accepted.

Zα/2 = Confidence interval of at 95% is assumed *(Zα/2* = 1.96) as an assumption.

In order to determine the size of the sample, the proportion of youth unemployed at national level was considered for computing maximum possible size. According to (CSA, 2018), the proportion of unemployed youth in 2018 was 19.1%.

The sample size was estimated,

$$\mathbf{n} = \frac{\mathbf{0.191} * \mathbf{0.809}(\mathbf{1.96})^{\mathbf{2}}}{(\mathbf{0.05})^{\mathbf{2}}}$$

n=237

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

For the sake of this study DEF preferred. Therefore,

n adjusted = 237 * DEFF, = 237 * 2 = 474

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

474x 5% = 23.

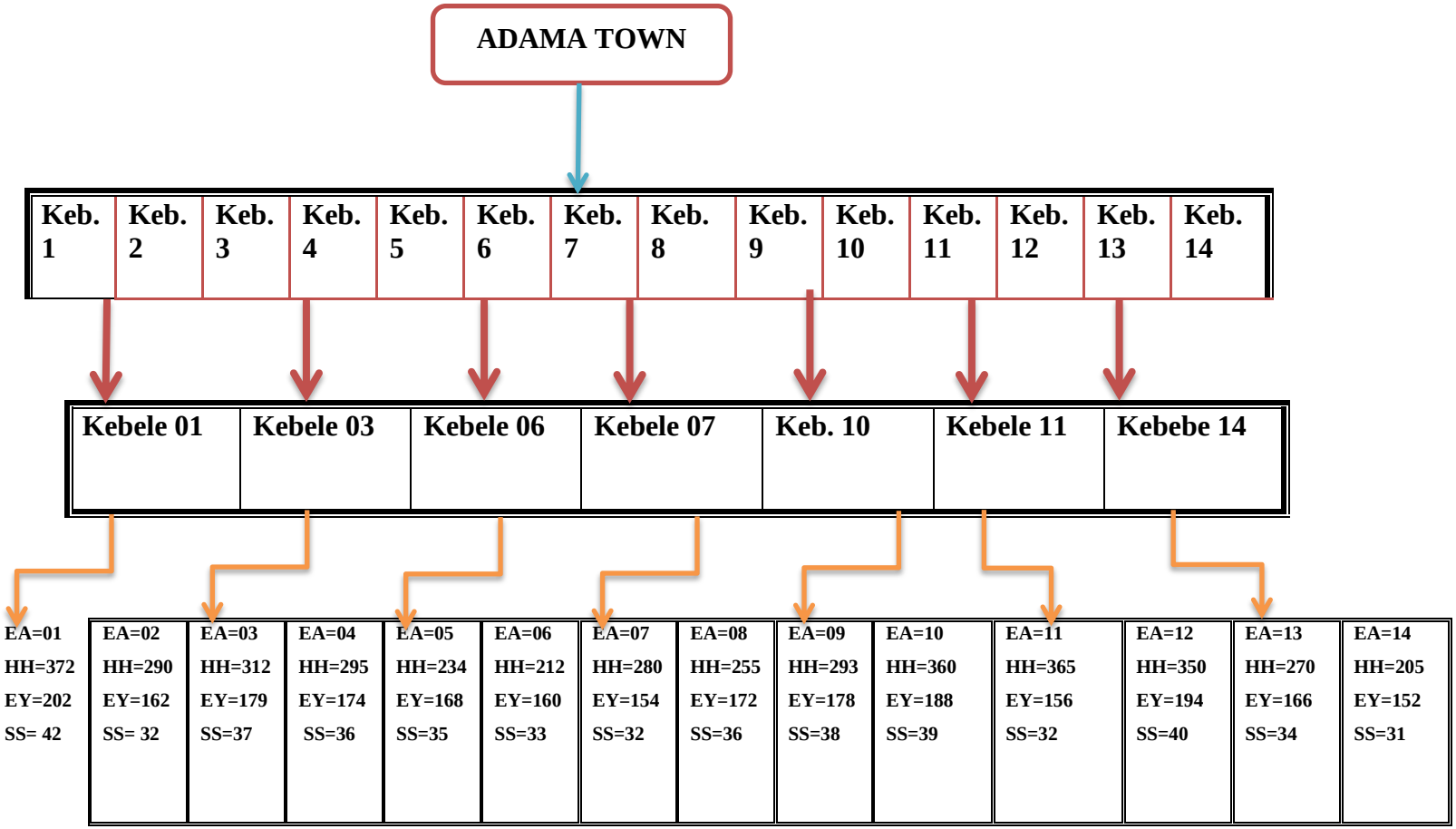
The total sample size of the study would be…..**474 +23 = 497**

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

$\mathbf{n_a = N_a * n/N}$

Where **na**: - is sample size allocated for enumeration area "a", **Na**:- is the number of listed eligible youth in enumeration area "a", **n**:- is the total sample size(497), and **N**:- is the sum of all eligible youths listed in the enumeration areas. Based on the above formula, sample sizes for each enumeration area were distributed. The overall Sampling procedure was schematically presented in the next Figure

Graphic arrangement of sampling procedure



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

Out of the total sample size (497), during the data collection, Survey period the exact figure covered were 480. This implies that out of the total sample size planned to cover **97** percent was covered effectively. The questionnaire which was prepared for the survey of data

has distributed for 497 youths in the 14 enumerations areas. Data from seventy respondents were not gathered because of different reasons like changing place of residence.

3.6 Method of Data Analysis

Descriptive and econometric analysis has been employed to meet the main objective of the study. In the case of descriptive analysis graphs, tables, and chi-square tests have been employed. While in the case of econometric analysis the binary logit model has been applied to identify the major determinants of urban youth unemployment. As many econometric and related literature recommended, specifying the association between a dichotomous dependent variable and a set of relevant explanatory variables, binary outcomes models are recommended to be appropriate (Wooldridge, 2001). In the analysis, diagnostic tests were used to be sure that the functional form of the model was appropriate.

3.7 Model specification

Logistic regression is a popular modeling approach when the dependent variable is dichotomous or polytomous. This model allows one to predict the log odds of outcomes of a dependent variable from a set of variables that may be continuous, discrete, categorical, or a mix of any of these. Hosmer and Lemeshow (2000) have described logistic regression focusing on its theoretical and applied aspect.

Often the outcome variable in social data is, in general not continuous, instead is binary. In such a case, binary logistic regression is a useful way of describing the relationship between one or more independent variables and a binary outcome variable that has only two possible values. Indeed, a generalized linear model is used for binary logistic regression. The most attractive feature of a logistic regression model is that it neither assumes linearity in the relationship between the covariates and the outcome variable, nor does it require normally distributed variables. It also does not assume homoscedasticity and in general has less stringent requirements than linear regression models. Thus logistic regression is used in a wide range of applications leading to binary dependent data analysis (Hilbe, 2009; Agresti, 2002).

Logistic model, as compared to its competitor, the probit model, is less sensitive to outliers and easy to correct a bias. In instances where the independent variables are categorical or a mix of

continuous and categorical, logistic analysis is preferred to discriminant analysis (Agresti, 2007). The assumptions required for statistical tests in logistic regression are far less restrictive than those for ordinary least squares regression. There is no formal requirement for multivariate normality, homoscedasticity, or linearity of the independent variables within each category of the response variable. However, the assumptions that apply to logistic regression model include: meaningful coding, inclusion of all relevant and exclusion of all irrelevant variables in the regression model and low error in the explanatory variables.

3.7.1 Model

To identify key determinants of youth unemployment we first computed a dichotomous variable indicating whether the youth were employed or unemployed. The dependent variable was youth unemployment Status. The response variable is dichotomous. If the i^{th} individual is unemployed, the response variable (Yi) takes the value 1 otherwise it takes the value 0. The main variable of interest is unemployment, a latent variable, where the individual may be classified as either employed or unemployed.

$$Y_i = \begin{cases} 1, \text{ if the } i^{th} \text{ youth is unemployed} \\ 0, \text{ otherwise} \end{cases}$$

Following Gujarati (2004) the logistic model would be written in terms of the odds ratio and log of odds ratio, which enable one to understand the interpretation of the coefficients. In this study, the odds ratio is the ratio of the probability that the youth will be unemployed (***Pi***) to the probability that he/she will be employed ***(1-Pi).***

$$\boldsymbol{Pi = f(Zi) = f(\alpha + \beta iXi) = \frac{1}{1+1e^{-(\alpha+\sum \beta iXi)}}} \dots\dots\dots\dots (\mathbf{1})$$

Since, $Zi = \alpha + \beta iXi$ the above formula can be rewrite as shown below for easily understanding.

$$1 - Pi = \frac{1}{1 + e^{Zi}} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (2)$$

$$\left(\frac{pi}{1-pi}\right) = \frac{1+e^{Zi}}{1+e^{-Zi}} = e^{Zi} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (3)$$

Therefore, $\left(\frac{pi}{1-pi}\right) = \frac{1+e^{Zi}}{1+e^{-Zi}} = e^{(\alpha+\sum\beta iXi)} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (4)$

Taking the natural logarithm of equation (4)

$$Yi = ln\left(\frac{pi}{1-pi}\right) = \alpha + \sum_{i=1}^{k} \beta iXi + \mu i \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (5)$$

Where: K=the number of explanatory variables; Xi= vector of independent demographic and socio-economic variables of individuals, μ = the error term, α = is the value of the log odd ratio $\frac{pi}{1-pi}$ when X or explanatory variable is zero, and β = measures the change in L (logit) for a unit change in explanatory variables (X).

The dependent variable is dichotomies or dummy variable: where it represents (1) when the urban youth is unemployed and (0) when the urban youth is employed.

3.7.2 Variable Descriptions

3.7.2.1 Dependent Variable

In this research paper youth employment status has been taken as the dependent variable. During the regression analysis if the respondent was unemployed it was coded as 1 otherwise 0 if he/she was employed during the survey period.

3.7.2.2 Independent Variables

Based on the theoretical background and empirical results of different studies on urban youth unemployment carried out in different countries including Ethiopia, the following variables are hypothesized to influence youth unemployment status of urban dwellers in the study area.

3.7.2.2.1 Sex

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

3.7.2.2.2 Migration status

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

3.7.2.2.3 Educational status

Educational status is the key factor that brings influence in the determination of youth employment status. As the curriculum of education system of the country reveals, in this study the respondents were classified in to four groups namely (1) illiterate, (2) primary education (1-8), (3) secondary education (9-12), (4) Certificate and Diploma and (5) higher education which includes (college and university education).For this study purpose university degree has taken as a reference category in the model.

3.7.2.2.4 Job Preference

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

3.7.2.2.5 Household income

In human being life direct or indirect income is mandatory to survive on this challenge full world mainly at house level incomes were classified in either to in cash and in kind this income might begotten on regular or irregular basis, but for this study purpose the income that a house hold

earned was on monthly basis and it includes governmental and non-governmental paid employment, allowance, self-employment, pension and rents from plant asset. In this regard house hold income is also taken as a variable that affects employment status of the respondents.

3.7.2.2.6 Social Network Density

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

Social network density can also affect the employment status of the respondents; it was regarded in the model being classified as (0) no social networks, (1) has social network. For the analysis social network was taken in the model as reference category use.

3.7.2.2.7 Mather's Education

Educated families are the key determinants for their children's future life, mothers educational status is taken as the factor for the respondents during survey period mainly of educated mothers. The educational level of mother's was likely affects the employment status of the respondents, and categorized into (1) literate (0) uneducated (illiterate). In the regression model illiterate was taken as a reference category.

3.7.2.2.8 Father's Education

In most cases educated families are the designer of their children's future life in this regard the Contribution of educated father is very crucial. Highly educated father's refers to father's educational status in this study during the survey period and it is predicted to affect the employment status of a respondents where categorized in to (1) literate (0) uneducated (illiterate). In the regression model uneducated was taken as a reference category.

3.7.2.2.9 Marital Status

Marriage has its own social value in the formation of family if it is managed properly and the process undergoes in the right age and economic status. For the purpose of this study marital status taken as a variable that affects the employment status of respondents. It was grouped in to four namely (1) single, (2) Married, (3) Divorced and (4) Widowed: in the model single taken as a reference category.

3.7.2.2.10 Work Experience

During the survey period the respondents were asked if they are involved in different income generating activities earlier to identify whether they were experienced or not on the spot of data collection time. The variable was grouped as (0) no work experience and (1) had work experience. In the model no work Experience had taken as a reference category.

The summary of independent variables that may influence on the dependent variable

Variables	Description	Values/categories	References category	Expected sign
EMPLS	Employment status	0 = Employed 1 = Unemployed		
GENDER	Gender status	1 = female and 0= male	male	-/+
AGE	Age of respondents	Continuous variable		-/+
MARS	Marital status of the youth	1 = single 2= married 3=divorced 4=widowed	single	-/+
EDUC	Educational categories ranging from illiterate to higher education	1= illiterate 2= primary education 3= secondary education 4=certificate and diploma 5= Higher education	illiterate	-

JOBPER	Job preference of the youth	1=any available jobs, 2=paid employment 3=self-employment.	any available jobs	-
ASN	Access to social Network about labour market information	0=no social networks 1= has social networks	No Social network	-
MIGR	Migration status	0=migrant 1=non migrant	Non migrant	+
MOTHED	Mother education	0 =illiterate 1 = educated	illiterate	-
INCOM	Household income	Continuous variable		-
FATHED	Fathers education	0=illiterate 1=educated	illiterate	-
WOREXP	Work experience of the youth	0= no work experience 1= has work experience	has no experience	-

CHAPTER FOUR

DATA ANALYSIS AND RESULTS

4.1 Descriptive Analysis

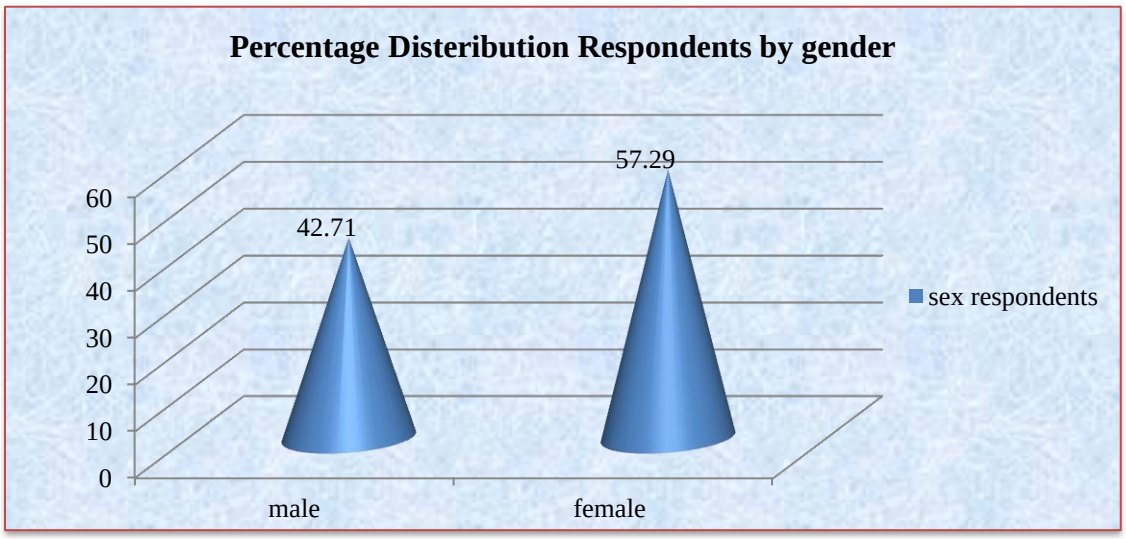
During data collection period by following the rule and procedure of surveying system the necessary variables which were mentioned earlier in determining the youth employment status were captured and made for the analysis and interpretation purpose. When data collection were under gone the necessary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

4.1.1 Demographic Characteristics of Respondents

4.1.1.1 Gender of Respondents

The variable which was utilized to analyze the demographic characteristics of the respondents under this study is gender. As shown in the figure 4.1 below the percentage of each sex independently has been calculated out of the total respondents interviewed under this study 275(57.29 percent) were female and 205(42.71percent) were male.

Figure 4.1 Percentage of respondents by gender distribution

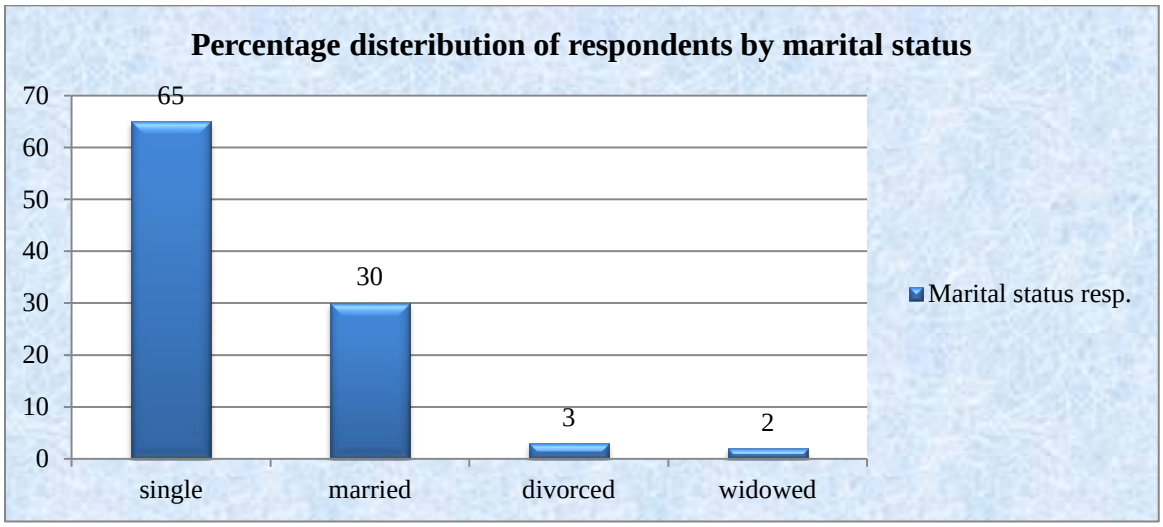


Source: Survey data, Adama 2020

4.1.1.2 Marital Status of Respondents

Marital status is another factor that included in the analysis of the data. The result shows that 311(65 percent) were single, 144(30 percent) was married at the time of the survey, 15(3 percent) divorced and 5(2 percent) were widowed as shown in the fig.4.2 below.

Figure 4.2 Percentage distributions of respondents by marital status

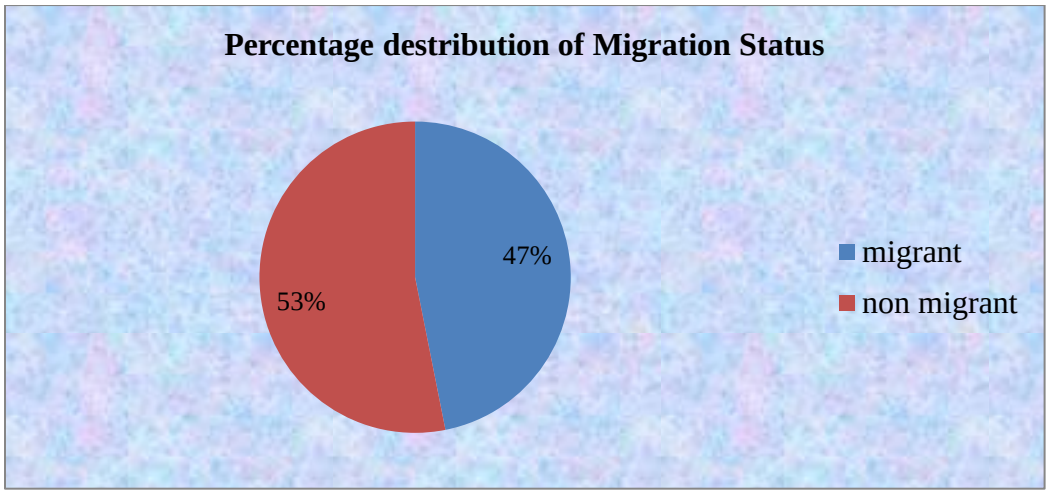


Source: Survey data, Adama 2020

4.1.1.3 Migration Status of Respondents

During the data collection respondents were asked regarding their migration Status. The response which is presented in figure 4.3 shows that 225(47 percent) of the respondents were migrants and 255(53 percent) were non-migrants

Figure 4.3 Percentage distribution of respondents by migration status



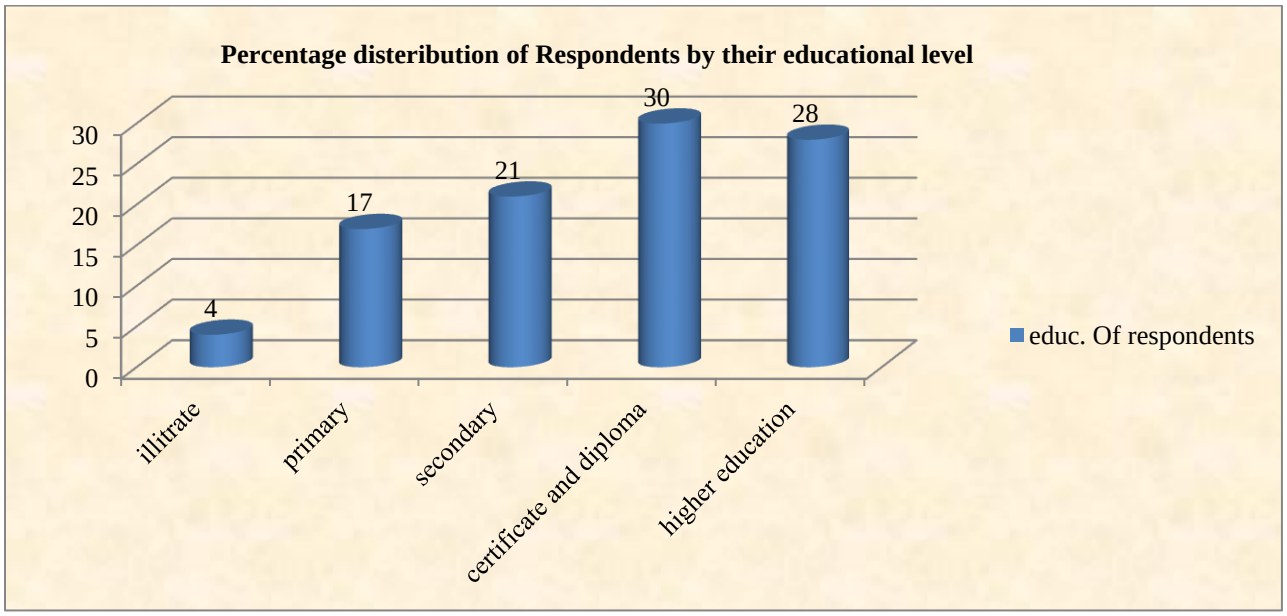
Source: Survey data, Adama 2020

4.1.2 Socio-Economic Characteristics of Respondents

4.1.2.1 Educational level of Respondents

In this study educational level was taken as independent variable to analyze and interperate the background of respondent's socio-economic status. As the result from the surveyed data of the study from the respondents shows that the youth who have no formal and informal educational level were 18(4 percent), those completed primary education are 83 (17 percent), those completed secondary school 101(21percent), those who have different certificate level and diploma collages were accounts for 144(30 percent) and finally 134(28) percent have had university degree as shown in the figure 4.4 below.

Figure 4.4 Percentage distributions of respondents by their educational level.

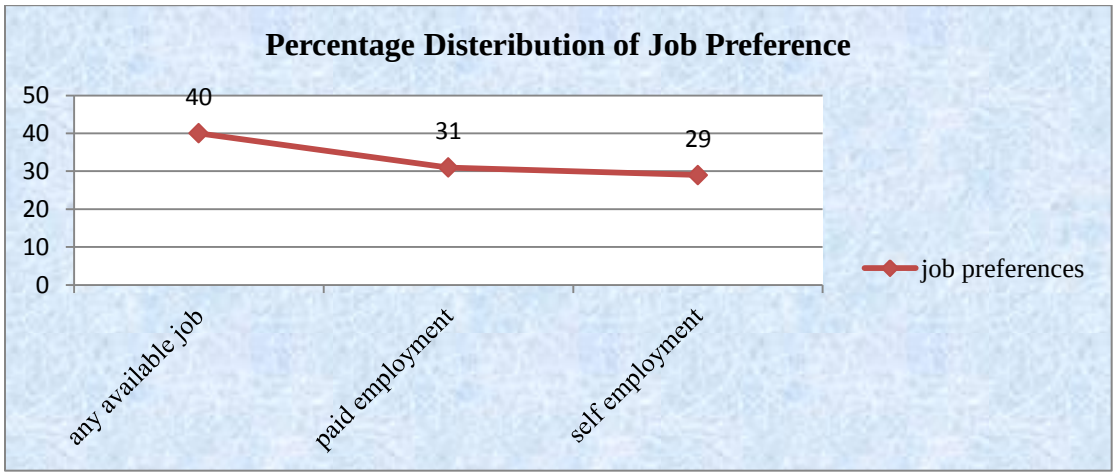


Source: Survey data, Adama 2020

4.1.2.2 Job Preferences of Respondents

Job preference of the respondent was regarded as one variable in this study that determines socioeconomic status during the survey period. The respondents were asked the type of job that they are willing to involve in the labour market. The data collected reveals that out of the total respondents interviewed 192(40 percent) preferred any available job, 147(30 percent) preferred paid employment in any organization and 141(29 percent) of the respondents preferred as self-employment as shown in figure 4.5 below.

Figure 4.5 Percentage distributions of respondents by their job preference.

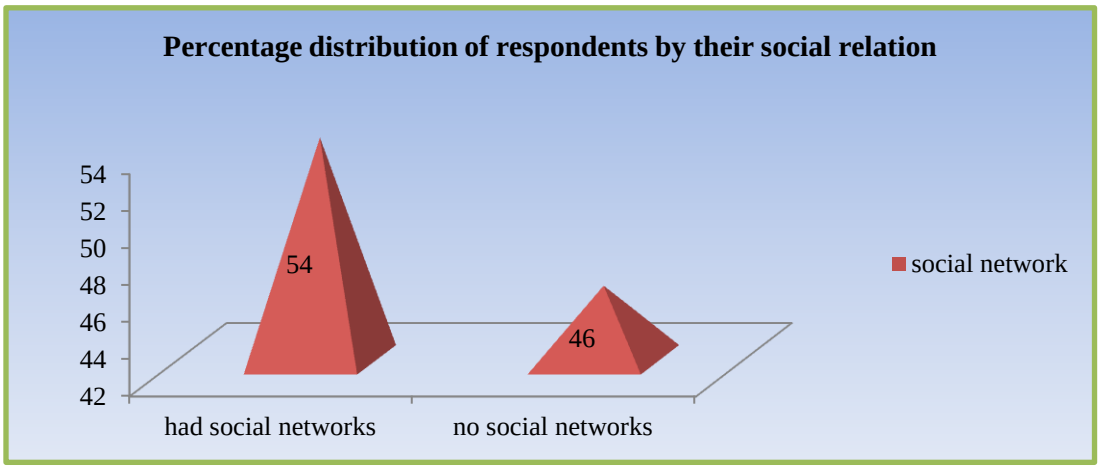


Source: Survey data, Adama 2020

4.1.2.3 Social Network Density of Respondents

Concerning the social tie and network density of the respondents' the survey was undergone and data was gathered. As in figure 4.6 revealed the clue of the collected data express from the total interviewed respondent 260(54 percent) of the respondent had no social network density, and 220(46 percent) had social network.

Figure 4.6 Percentage distributions of respondents by their social relation.



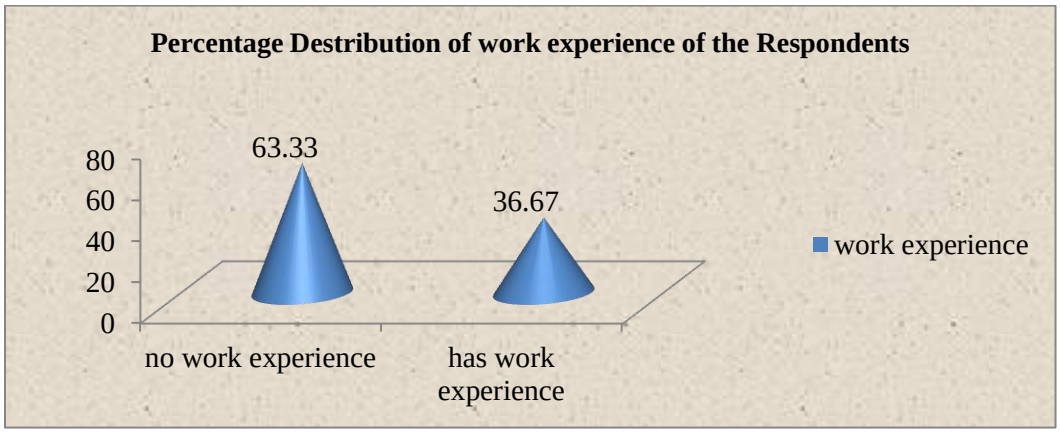
Source: Survey data, Adama 2020

4.1.2.4 Work Experience of Respondents

Work experience was taken as one variable and incorporated in the structured question during data collection period. The respondents were requested whether they had been work experience or involved in any income generating work or not earlier to the survey date. The collected data

shows that 304(63 percent) of the respondents had no work experience and 176(37 percent) of the respondents had work experience at the survey period.

Figure 4.7 Percentage distributions of respondents by their work experience level.

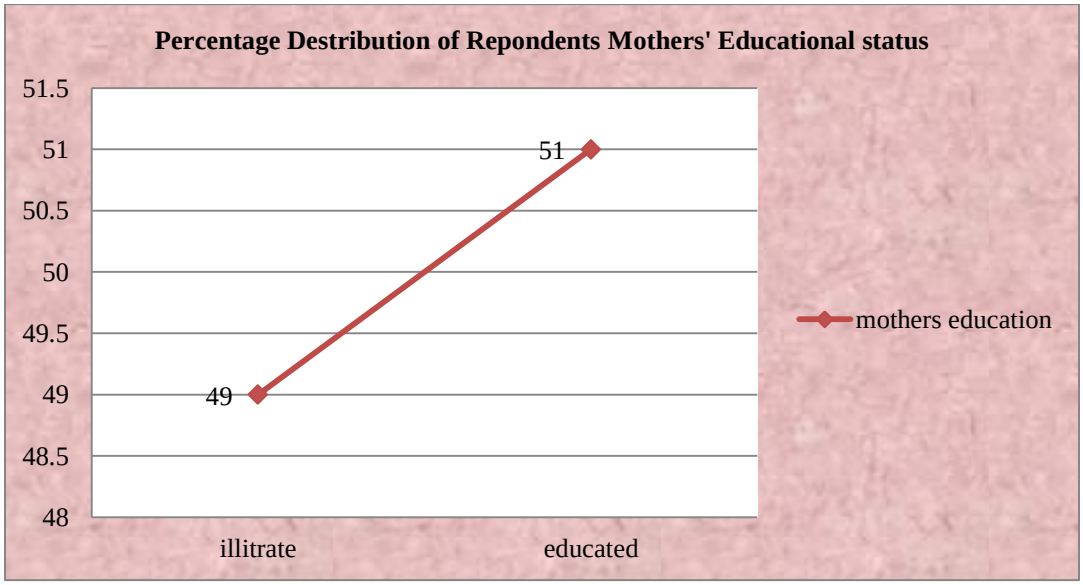


Source: Survey data, Adama 2020

4.1.2.5 Mothers Education Status

The respondents were asked about the educational level of their mothers at the time of the survey. According to the collected data, 243 (51 percent) of the respondents answered that their mothers were literate, while 237(49 percent) of the respondents were replied that did not get any formal and informal education prior to survey period as the figure 4.8 below shows.

Figure 4.8 Percentage distributions of respondents by their mothers' educational level.

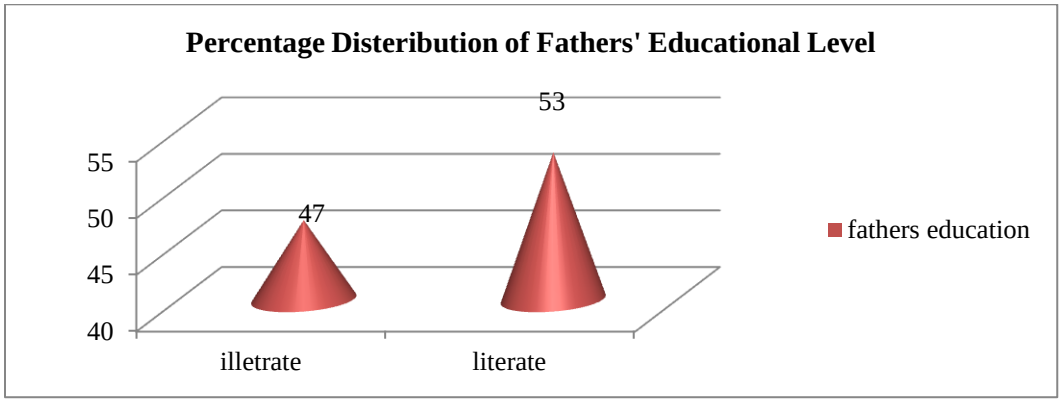


Source: Survey data, Adama 2020

4.1.2.6 Father's Educational status

Father's educational status was regarded as a variable that determine socio-economic profile of the respondents. During the survey period the respondents were asked about their father's educational status, as a result 256(53 percent) respondents' fathers were literate and 224(47 percent) respondents' fathers were illiterate as shown in the figure 4.9 expresses.

Figure 4.9 Percentage distributions of respondents by their fathers' educational status

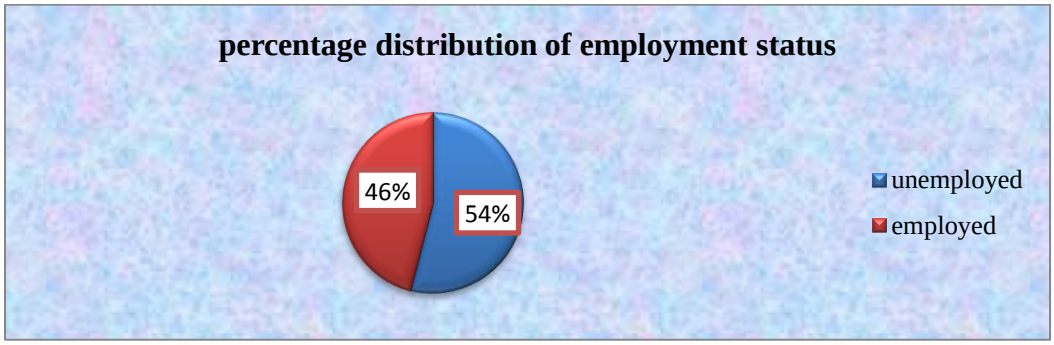


Source: Survey data, Adama 2020

4.1.2.7 Employment Status of Respondents

When the data collection was undergone the respondents were specifically requested about their employment status earlier to the survey time. During the survey time the maximum number of the respondents was unemployed from the total sample size of 480 interviewed respondents 260(54.17 percent) were unemployed and 220(45.83) percent of the respondents were employed at the time of data collection period as shown in figure 4.10 below.

Figure 4.10 Percentage distributions of respondents by their employment status.



Source: Survey data, Adama 2020

4.1.3 Demographic differential of youth unemployment (Bi- Variate Analysis)

Youth unemployment by gender: Sex of the respondent was one of the demographic variables that were found to be related to employment status. The association between sex and youth employment status shows that among 275 females comprised in the sample, 59 percent were unemployed where as 49 percent of males among 205 total male accounted were unemployed (Table 4.3). This confirms that female unemployment is more severe than male by unemployment. The chi-square test specified a statistically significant relationship between sex and employment status(x^2 = 4.1816, P <0.05, df= 1).

Youth unemployment by migration status: Migration status was taken as one variable and the respondents were requested about their migration status at the time of the data collection period. Depending on their response, the variation of youth employment status was evaluated. As (Table 4.3) below shows, migrant youths exhibited a higher percentage of unemployment in the town compared to non-migrant (79 percent versus 39 percent respectively). The difference was statistically significant (x^2 = 50.0163, P< 0.01, df= 1).

Youth unemployment by Marital status: As far as the relationship between marital status and youth employment status is concerned, the percentage of unemployment was higher for single youths (65 percent) than married youth (34 percent) and widowed youths were also exposed to unemployment problem as the surveyed data reveals (50 percent), but divorced youths were comparatively less unemployment rate (33 percent) as table 4.3 shows. The statistical test of association was significant (x^2 =40.3376, P < 0.01, df= 3).

Table 4.1 Chi-Square test result of the association between Youth Employment status and Demographic variables, Adama 2020

variables	Employment status				Total		X^2-test	P-Value
	unemployed		Employed					
	No.	percentage	No.	percentage	No.	Percentage		
Gender							4.1813	0.041
Male	100	49%	105	51%	205	100%		
Female	160	58%	115	42%	275	100%		
Marital status							39.9321	0.000
Single	201	65%	110	35%	311	100%		
Married	49	34%	95	66%	144	100%		
Divorced	5	33%	10	66%	15	100%		
widowed	5	50%	5	50%	10	100%		
Migration status							48.9807	0.000
Migrant	160	71%	65	29%	225	100%		
Non-migrant	100	39%	155	61	255	100%		

Source: Survey data, Adama 2020

4.1.4 Socio-Economic Differentials of Youth Unemployment

Youth Unemployment by Educational Status: Education plays a vital role for employment. The table given below reveals that the association between educational level of youth and employment status that shows unemployment was greater among those respondents who were no formal and informal education (89 percent), having primary educational level(63 percent) and secondary level education 71 percent in addition those having certificate and diploma were relatively low unemployment rate (46 percent). But it was lower among those respondents having university degree level (40 percent).Educational level and unemployment was related inversely as educational level of youth increases youth unemployment declines. The Pearson chi-square

test defined that the relationship between educational level and employment status was statistically significant (X^2 =37.4808, P< 001, df= 4).

Youth Unemployment by Mothers' education: The association between youth employment status and their mothers' educational level was found to be statistically significant. As it was shown in the table below the differentials in youth employment status with their mothers' educational level illustrated that youth unemployment was higher (62 percent) among those respondents whose their mothers were illiterate where as those respondents whose their mothers were literate during the survey period were comparatively (46percent).Statistical test of bivariate analysis was also expressed that the association was statistically significant (x^2 = 12.9298, P<0.001, df= 1).

Youth Unemployment by Fathers' education: Insofar as the association between respondents youth employment status and their fathers educational status is concerned, the percentage of unemployment was higher (62 percent) among those respondents whose their fathers' were illiterate than those respondents whose fathers' were literate (47 percent). The test of association was significant (x^2 = 10.5232, P <0.005, df=l).

Youth Unemployment by Job preferences: In another case Job preference has also another socio-economic determinant which was related to youth employment status to undergo study on it in this research. As enlightened in different literature review (Okojie, 2003; Haji, 2007), a significant amount of young people wish to work in the formal sectors. In this regard, as the table below explains(67 percent) of the unemployed respondents preferred to work in any available job, whereas(53 percent) of the unemployed respondents preferred to work in the formal sectors(government and private institutions) as paid workers and those who prefer to participate in self-employment were accounts for (38percent). The chi-square test of association result indicated that the existence of a statistically significant association between job preference and youth employment status (x^2=28.7931, P <0.001, df=2).

Youth Unemployment by Social network density: Another variable which was considered in this study was Social network density of a respondent and taken as one of the social capitals associated to youth employment status. The table given below explains briefly that, the percentage of unemployment was higher (72 percent) among those respondents those had no social networks

when compared with those had strong social relation (33 percent) during the survey. The bi-variate analysis publicized that there was the existence of relationship between social network density and youth employment status (x^2=72.0425, P = 000, df= 1).

Youth Unemployment by work experience: The variable work experience was considered as one of the socio-economic determinants of youth employment status of the respondents during the survey period. As far as the relationship between respondents youth employment status and their work experience is concerned, the percentage of unemployment was higher (64 percent) among those respondents those had no work experience when compared with those had work experience (37 percent) during the survey. The chi-square test of association was significant (x^2 = 33.2492, P = 0.000, df= 1).

Table 4.2: Chi-Square test result of association between Youth Employment Status and Socio-Economic predictors, Adama 2020

Variables	Employment status				Total		X^2-test	P-Value
	unemployed		Employed					
	No.	percentage	No.	percentage	No.	Percentage		
Education							37.4808	0.000
No formal and informal education	16	89%	2	11%	18	100%		
Primary education	52	63%	31	37%	83	100%		
Secondary education	72	71%	29	29%	101	100%		
Certificate and diploma	66	46%	78	54%	144	100%		
Higher education	54	40%	80	60%	134	100%		
Job preferences							28.7931	0.000
Any available job	129	67%	63	33%	192	100%		
Paid employment	78	53%	69	47%	147	100%		
Self-employment	53	38%	88	62%	141	100%		
Social network density							6.9373	0.008
No social network	187	72%	73	28%	260	100%		
Has social network	73	33%	147	67%	220	100%		
Mothers education							12.9298	0.000
Illiterate	148	62%	89	38%	237	100%		
educated	112	46%	131	54%	243	100%		
Father education							10.5232	0.001
Illiterate	139	62%	85	38%	224	100%		
Educated	121	47%	135	53%	256	100%		
Work experience							33.2492	0.000
Had work experience	195	64%	109	36%	304	100%		
No work experience	65	37%	111	63%	176	100%		

Source: Survey data, Adama 2020

4.2. Econometric Analysis

4.2.1 Post-Estimation Diagnostic Test

Different possible ways of assessing goodness of fit the model to examine how likely the sample results are, given the parameter estimates. Before estimating the chance of the event using binary logistic regression model, goodness of fit of the model and multicollinearity diagnoses were made.

4.2.1.1 Multicollinearity test

Multicollinearity effect occurs when at least one column of the design matrix is linearly dependent on the other columns, and can cause problems of both interpretation and computation in regression analysis. The problem manifests itself when a regress or is highly correlated with another regression, or a linear combination of a number of regressors. This does not guarantee multicollinearity, however, since two vectors may have correlation one, but be orthogonal. Sometimes this phenomenon is referred to as collinearity, but in this study, the term is reserved for the situation in which several points lie on a line.

Multicollinearity occurs when independent variables in a regression model are correlated. This correlation is a problem because independent variables should be independent. If the degree of correlation between variables is high enough, it can cause problems when you fit the model and interpret the results

If multicollinearity is a problem in the model the Variance Inflation Factor (VIF) for a reason is near or above 10 - the solution may be remove highly correlated predictors from the model. If you have two or more factors with a high VIF, remove one from the model (Garson, 2009).

Multicollinearity is a question of degree and not of kind. The meaningful distinction is not between the presence and the absence of multicollinearity, but between its various degrees. Since multicollinearity refers to the condition of the explanatory variables that are assumed to be non-stochastic, it is a feature of the sample and not of the population. Multicollinearity is essentially a sample phenomenon, arising out of the largely non experimental data collected in most social sciences; we do not have one unique method of detecting it or measuring its strength (Garson, 2009).

Multicollinearity in logistic regression is a result of strong inter-relation among the independent variables (Montgomery, Peck, Garson, 1992, 2009).To evaluate multicollinearity effect in the model, pair wise correlation matrix analysis, Variance Inflation Factor (VIF) and tolerance was used. Pair wise correlation is one of the statistical techniques used to check inter-correlation between explanatory variables. Based on the values of correlation matrix, the existence of multicollinearity is known. The result of Pair wise correlation analysis in this study shows that there is no serious multicollinearity problem among the explanatory variables (see appendix-II, 1).

Besides, the effect of multicollnearity can also be tested by using Variance Inflation Factor (VIF) and Tolerance. Tolerance is 1-R2 (coefficient of determination) for the regression variable on all other independent variable, ignoring the dependent variable (Garson, 2009). Some author uses VIF as indicator of multicollinearity. The higher the value of variance inflation factor (VIF), the more collinear among the variables. If the VIF of a variable exceeds 10, which will happen to the variable is said to be highly collinear. In addition another testing method of multicollinearity is Tolerance it uses as a measure of multicollinearity in view of its intimate connection with VIF, the closer is the tolerance, to zero the greater the degree of collinearity of that variable with the other regressor, on the other hand the closer tolerance, is to 1 the greater the evidence is that one regressor is not collinear with other regressors (Garson, 2009).

The higher the inter correlation of predictor variables, the Tolerance estimate approach to 0 (zero); when the inter correlation gets lower, the estimate approach to 1 (one). VIF is the reciprocal of Tolerance (1/ 1- R^2). In this study using VIF test since the mean of variance inflation factor is below ten which is 6.04 there no Multicollienarity problem in the model (see Appendix II, 2) .

4.2.1.2. Hosmer–Lemeshow Test

One of the techniques used to assess the goodness of fit of a model is Hosmer and Lemeshow test. The test is used to accept or reject the alternative hypothesis "the model adequately describes the data". If the significance level of the test is less than 0.05, it indicates that the, alternative hypothesis is rejected and the null hypothesis which states the inadequacy of the model to describe the data is accepted. The test hypothesis is given by:

H_0: The model fits the data Vs. H_1: The model does not fit the model.

In the case of this study, the significance level of the test was found to be 0.1766 is larger than 0.05, we do not reject the null hypothesis is which states that the model is adequate to describe the data was accepted and we conclude that the model is a good fit (see Appendix III).

4.2.1.2 Heteroskedasticity tests

One of the important assumptions of classical linear regression model is that the errors in the regression equation have a common variance. This is known as the homoskedasticity assumption. If the errors do not have a constant variance, we say they are heteroskedastic. The problem of heteroskedasticity makes the data estimators inefficient, because the estimated variance and covariance of coefficient are biased and inconsistent. According to Breusch-Pagan/ cook-Weisberg test for heteroskedasticity, if the P-value is below the chosen significance level, then we reject the null hypothesis of homoskedasticity (Gujarati, 2004).

Robust logistic regression was used to control for heteroskedasticity in binary outcome models. Heteroskedasticity in binary outcome models will affect both the "Betas" and their standard errors (Wooldridge, 2002). In this particular study according to Breusch-Pagan/ cook-Weisberg test for heteroskedasticity, the P-value is less than the chosen significance level i.e $0.000 < 0.05$, and then we reject the null hypothesis of homoscedasticity (see Appendix IV). Therefore, to avoid the effect of heteroscedasticity robust logistic regression was employed for it compromises the effect of heteroscedasticity even if it exists initially (refer table 4.3).

4.2.2 Determinants of Youth Unemployment (Logistic Regression Analysis)

In this section attempts have been made in explaining the main demographic and socio-economic determinants of urban youth unemployment. As mentioned earlier, Logit model was selected to identify the determinants of Unemployment in the study area. The estimated logit model is presented below in table 4.3, in which the dependent variable being unemployed status regressed on different demographic and socioeconomic variables which are expected to affect unemployment in the study area.

Table 4.3 Robust Logistic Regression Results of the Effects of Predictor Variables

	Number of obs=480
	Wald chi2(11)=43.46
	Prob > chi2 =0.0000
Log pseudolikelihood = -74.427313	Pseudo R2=0.7752

variables	Category	B	Robust S.E	**Z**	P >Z	Exp(β)
Age	continuous	-0.0892683	.0728497	-1.23	0.220	0.914
Gender	Male(RC)	1.00				
	Female	0.3790319	0.1858532	2.04	0.041**	1.460
Migration status	Migrant	1.339041	0.7453755	6.85	0.000***	3.82
	Non-migrant(RC)	1.00				
Marital status	Single(RC)	1.00				
	Married	-1.264881	0.2123546	-5.96	0.000***	0.282
	Divorced	-1.295972	0.5610006	-2.31	0.021**	0.273
	Widowed	-0.6028245	0.644151	-0.94	0.349	0.547
Educational level	Illiterate	2.472484	9.140209	3.21	0.001***	1.185
	Primary education	0.9102991	0.7145573	3.17	0.002***	2.485
	Secondary education	1.302413	1.037449	4.62	0.000***	3.678
	Certificate &diploma	0.2259885	0.3047822	0.93	0.352	1.253
	University degree (RC)	1.00				
Job preference	Any available job(RC)	1.00				
	Paid employment	0.5940754	0.2259304	2.63	0.008***	0.552
	Self-employment	-1.223723	0.2323122	-5.27	0.000***	0.294
Social network density	No social network(RC)	1.00				
	Has social network	-1.640622	0.0385922	-8.24	0.000***	0.193
Household income	continuous	-0.0036708	0.0008935	-4.11	0.000***	0.996
Mothers education	Illiterate(RC)	1.00				
	Literate	-0.6652744	.0956715	-3.58	0.000***	0.514
Fathers education	Illiterate(RC)	1.00				
	Literate	-.6013069	.1021033	-3.23	0.001***	0.548
Work experience	No work experience(RC)	1.00				
	had work experience	-1.116795	.0644568	-5.67	0.000***	0.327
Constant		13.1911	2.489579	5.30	0.000	5.355

**** and ** indicates at 1%, 5 % significance level respectively*, RC-reference category

Source: Survey data, Adama 2020

A negative sign in column labeled “Coefficients” indicates an inverse relationship of explanatory variable with the log odds of the dependent variable. In contrast a positive coefficient column labeled “Coefficients” indicates a positive relationship to the log odds of the dependent variable.

According to Table 4.5 ten of the explanatory variables were found significant determinants of urban youth unemployment; of which, marital status, work experience, social network, family income, Job preference, fathers education, and mothers education affects unemployment negatively whereas gender, education and migration status of urban youths affects unemployment positively. Thus, the estimated model is given by:

$$log\left(\frac{pi}{1-pi}\right) = \beta_0 + \beta_1\,\mathbf{age} + \beta_2\mathbf{incom} + \beta_3\mathbf{gender} + \beta_4 marst + \beta_5 educ + \beta_6 jobpref + \beta_7 migr + \beta_8 asnet + \beta_9 worexp + \beta_{10} fatheduc + \beta_{11} mathedu$$

Where

$X_{1},\ldots, X_{11}$: were the predictor variables, age, household income, gender , marital status, education status of the respondents, job preference, migration status, social network density, work experience of the respondents mother education and father educational level of the respondents, respectively**.**

P:-indicated the likelihood of the event being unemployed coded with 1 and being employed coded with 0.The regression coefficient composed of with their sign shows the degree and direction of the consequence in the log-odds, being the category of status of response variable for a unit of increase in the predictor variable.

A more appealing way to interpret the regression coefficient in logistic model is using odds ratio. The odds ratio indicate the effect of each explanatory variable directly on the odds of being unemployed rather than on log (odds). Estimates of odds greater than 1.0 indicate that the risk of unemployment is greater than that for the reference category. Estimates less than 1.0 indicate that the risk of unemployment is less than that for the reference category of each variable. So, the final model presented in Table 4.3 is interpreted in terms of odds ratio as follows:

Depending on the logistic regression analysis undergone and other studies done by (Halleröd & Westberg, 2006), it gave the impression that gender was positive and significantly correlated

with youth employment status. In the regression analysis, it was found that, the odds of female youth being unemployed was 1.5 times higher than that of males (Table 4.3). The regression coefficient between sex and youth unemployment was significant at 5% significant level. This finding is consistent with the finding of Asalfew (2011). In addition, information obtained from key notes of interview also revealed that here in study area, due to low level of education, high responsibility for domestic activities, perception of females about themselves, lack of entrepreneurship training, and other factors, made females less employed than males. Thus, the risks of being unemployed for young females in town is higher than males.

From results which indicate that, migration status of individuals affects their unemployment status positively at 1% significant level. The Logit model predicts that if individuals are migrants their unemployment status increases by the odds ratio of 3.82 compared to non-migrants. The findings of this study thus showed uniformity with the finding of other scholars (Anh et. al and Todaro, 2005, 1994). It seems that non-migrants may have better opportunity for education and other advantage, while migrants particularly from rural areas who had low level of education coupled with weak social networks could increase their risks of being unemployed. Furthermore, some information gathered from key notes of interview also implies that, due to the expansion of socio-economic sectors, young people migrated towards the town in search of employment opportunities, education and other services. These days it is common to see new comers in the center of the town and some other places in the town', the place where of daily laborers search for the job.

The association between youth employment status and marital status during the analysis of logistic regression model was undergone shows that, the probability being unemployed is less likely than to those respondents married as compared to those single. And the result was statistically significant at 1 %. Consequently, the probability of unemployment for divorced is less likely than to those single as reference category, and statically significant at 5% level of significance.

Educational status of an individual could be a key factor that affects employment status of youth in the town. Those people having high educational level or highly educated were more productive and they have relatively highly opportunistic and they were highly salaried comparatively. Instead when the youth lacked essential skills and knowledge, the probability of being unemployed is greater (Schultz, 1961).The result of this study also proves the above mentioned state-

ment; those having lower level of education increase the odds of unemployed. The probability of being unemployed was 1.2 times higher for those respondents who had no education when compared with those who had higher education, and the association was significant at 1% level of significance. On the contrary, Table 4.5 shows that the likelihood of being unemployed was 2.5 times higher for those respondents who had primary level of education as compared with those who had higher level of education. And the result was statistically significant at 1%level of significance. Similarly, the probability of unemployment for secondary education respondents was 3.6 times higher than those who had higher level of education in the reference category. Though, the level of association was statistically significant at 1% level significance. This finding is contradicted with the finding of Aynalem et al (2016); it is found that youths who attend higher education were more likely to be unemployed.

From results which indicate that, job preference has a significant impact on the likelihood of youth employment status. The likelihood of being unemployed for those respondents who preferred paid employment in the formal sectors was 0.552 more likely than as compared to those who preferred any available job in the labor market. The relationship was statistically significant at 1% of level of significance. On other hand, those respondents who preferred self-employment would reduce the relative risk of being unemployed by 70.6 percent than to those who preferred any available jobs in the labor market. And, also the level of association was statistically insignificant at 1% level significance. In addition, some information gathered from key notes of interview also implies that participants pointed out the following points, they stated that, "*The majority of us, present here, chooses to work in the formal sectors particularly in the government office because of job security, safe working place, and optimum working hours; also in some cases we follow or take as the role model those who are working in the governmental institutions and they have a big influence on us as a result of unchanged attitudes towards job*"

The association between youth employment status and household income during the analysis of logistic regression model was undergone shows that negatively and statistically significant effect on employment status of the youth at l % level of significance. With the coefficient of -0.0036708, keeping other factors remain constant, thus we would predict that the log odds for the youth being unemployed decreases by 0.0036708 for every one birr increment in the monthly income his/her parent. This shows that as income and wealth related factors of the youth's family

increases, we expect the youth's likely hood of being unemployed decreases. In other hand, these youths from relatively poorer families are most likely unemployed as compared to youths from richer households. This result might be the fact that youths from relatively higher income families may have better inputs for searching jobs or else they can easily get initial capital to start their own business. This finding is consistent with the finding of Amanuel (2016) and Aynalem et al (2016).

Social networks are keys to find a job in urban areas (Lange and Martin, 1993). Youth who do not utilize personal networks could miss job opportunities available through personal networks. The lack of social network could increases the risk of unemployment. The findings of this study also found that social network affects individuals' unemployment status negatively and significantly. The odds ratio of being unemployed decreases by 0.931 (at 1% significant level), if individuals had social network compared to those who have no social network. This result is similar to Asalfew (2011), and Amanuel (2016) confirm the underline statement that lack of social network increases the odds of unemployment. According to some information gathered from key notes of interview also implies that majority of us do not have appropriate social networks to find employment because of economic, social and cultural barriers we have. Besides this lack of initiation and attitudes towards search of jobs is too weak; as a result some chances of job opportunities were passable that came through individual networks.

With regard to the educational status of the mothers of the youth, the result indicates that the odds ratio of being unemployed decreases by 0.514 for those youth whose fathers were literate compared to those whose fathers were illiterate. And, the association was statistically significant at 1% level of significance.

With regard to the educational status of the fathers of the youth, the result indicates that the odds ratio of being unemployed decreases by 0.548 for those youth whose fathers were literate compared to those whose fathers were illiterate. And, the association was statistically significant at 1% level of significance.

In line with the priori expectation of the researchers work experience affects unemployment negatively at 1 percent significance level. The result indicates that the odds ratio of being unem-

ployed decreases by 0.327 if the individual have work experience compared to those individual had no work experience. It means that lack of work experience increases the chance of unemployment. This result is consistent to the results of ILO (2004).

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusions

The main objective of this study is to identify and examine the factors which determine urban youth unemployment in Adama town. To achieve its objective, the study has employed Binary logit regression model. In the model unemployment status of urban youths were taken as dependent variable and 11 explanatory variables were included. Based on the result of the logit model ten of the explanatory variables were found significant determinants of urban youth unemployment; of which, marital status, work experience, social network, family income, Job preference, fathers education, and mothers education affects unemployment negatively where as sex, education and migration status of urban youths affects unemployment positively.

Keeping other factors remains constant, for every one birr increment in the monthly income his/her parent, log odds for the youth being unemployed decreases by 0.0036708. This shows that as income and wealth related factors of the youth family increases, we expect the youth's likely hood of being unemployed decreases. In other hand, these youths from relatively poorer families are most likely unemployed as compared to youths from richer households. This result might be the fact that youths from relatively higher income families may have better inputs for searching jobs or else they can easily get initial capital to start their own business.

Educational level of the youth has a positively and statistically significant effect on employment status of the youth. It shows that years spent on education or investment on education acts as a better signaling of productivity of the youth, thereby it increases the probability of being employed

The result indicates youths who have more social networks for the purpose of job searching indicator of playing field (market), the higher the youth being employed. Access to market information is significantly associated with youths' employment status.

The result indicates that the odds ratio of being unemployed decreases by 0.327 for individual have work experience compared to those individual had no work experience. It means that lack

of work experience increases the chance of unemployment. Those urban youths who are migrant their unemployment status increases by the odds ratio of 3.841compared to non-migrant. Moreover, it is found that urban youths who prefer paid employment in the formal sectors have higher likelihood of unemployment

The finding of the study indicated that, likelihood of being unemployed was found to be lower for respondents married and divorced as compared to those single at 1% and 5% level of significance respectively. However widowed did not affect unemployment significantly. In addition, it is found that female urban youths are more likely to be unemployed compared to males, that mean females have less chance to be employed than males.

5.2 Recommendations

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

The implication is straightforward; these segments of the society need due emphasis and special treatment. Indeed, this study appreciates the so far efforts of the government through women and youth specific policies and strategies. Nevertheless, the outreach and impact of these programs and strategies are limited and should not by themselves be considered as remedy for the excessive unemployment prevailing in the town. Therefore, along with the existing actions: Based on the findings of the study, the following points are recommended to reduce the unemployment of young people in urban areas of Ethiopia particularly Adama town:

- The government and the city administration should have to encourage the private sector and attracting foreign investment to invest more in industries with high employment creation capacity through joint venture with those requiring huge investment highly labor intensive, such as the manufacturing and tourism sectors that can create more jobs for youths.
- The Municipality also should take some appropriate measures to reduce the unemployment rate of the youth population through expansion of Micro and Small Enterprises

(MSEs),training program and supporting them with give working place/land/, finance/credit/ and training for those unemployment. It would have to know the potential, interest and identified the current problem of youth in the particular areas.

- Empower females and increase their participation. As females are more vulnerable to unemployment, efforts made by the government and other organization to empower them should be further enhanced and increase their participation through promoting equal opportunities for young men and women; organizing them in to cooperatives, and provide credit and training so as to facilitate their entry into business and entrepreneurship; improving awareness family heads about females; education and skills enhancement.
- Policies that promote youth to improve their educational level and create more job opportunities should be implemented. For example, re-schooling or training of the less educated youth, increasing vocational training and labor market information. This would encourage more youth to go to work, and thus generate the income required that would enable more families in the areas to be able to increase their living standards

- The government should take a measure of action to support the very poor, and to bring about rapid economic growth at the national level. To this effect, it is important to develop community-based interventions giving priority to very poor households to participate in the labor market, education, health facility and areas of job access
- Encourage youth to increase their social network. Social networks are the key to find jobs in urban areas. Having higher density of social network increases the chance of getting new information about job opportunities available in the residential areas as well as outside the area. In order to increase the social networks; educating youth to bring change in their social communication habits using public and private media, encourage them to use and access internet, mobile telephone; participate in youth related activities, visit and ask private employment agencies, friends, and relatives is suggested
- Capacitating the awareness of youth towards jobs. Preferring jobs only in the formal sectors particularly jobs in government offices increases the likelihood of being unemployed. Thus, to improve the awareness of youth advocating the importance of self-employment by using role models; enabling youth to bring attitudinal change through education by organizing awareness creation programs is necessary.

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

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APPENDICES

Appendix I

The Determinants of Urban Youth Unemployment: The Case of Adama city, East Shoa Zone of Oromia National Regional state

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Questionnaire

Set by: Ahmedteyib Kemal, MSc Student at School of Economics, Addis Ababa University

Dear Respondent,

The present study is an endeavor to study is to analyze the determinants of youth unemployment in Adama city, East shoa Zone of Oromia Natinal regional state. The information provided by you will be used only for research (MSc) that can be useful for policy suggestions. Please spare a few minutes from your valuable schedule and share your true feelings. The questionnaire may take between 10-15 minutes to complete. I will ensure the confidentiality of the information provided.

Thank you for your cooperation

NB

- ✓ ***Please Do Not Relate Your Answer To COVID-19***
- ✓ ***Circle The Answer Of Your Choice For Close Ended Question***
- ✓ ***Fill In The Space Provided For Open Ended Question***

Part A

Section - I Demographic and Socio-Economic Information of Respondents

1	2	3	4	5	6	7	8	9	10	
Gender	Age	Marital Status	HH size	Educational status		TVET training			Migration status	
1.female 2.male	What is your age (year)?	1=single 2=married 3=divorced 4=widowed	What is the total member s in house hold you live?	Can you read and write? 1.yes 2.No (skip toQ7)	What was the highest grade you have completed? 1. No formal 2. Primary education(1-8) 3. Secondary education (Grade 9- 10) 4. Certificate and diploma 5. university Degree &above	Have you received any TVET training in private or gov't institutions? 1.Yes 2.No (skip to Q 8 & Q9)	Are you working by the training you have taken?	The duration of the training	Where did you born? 1.Adama 2. other	How many Years have you ever lived here continuously?

Section- II Employment status of Respondents

11	12	13	14	15	16
Employment status			Working Experience		
During the last 7 days were you engaged in any kind of productive activities such as work for payment for family gain or profit produces for own consumption? 1.Yes 2.No (skip to Q13)	Excluding lunch and Journey time, in total how many hours did you work at all Jobs in the last 7 days?	Even though you were not working during the last 7 Days, did you have a job, business or holding which you will return to? 1. Yes, I have my Own business 2.Yes, paid for duration of absence, 3.Yes, with agreement for returning to work 4.No	Have you ever done productive work In the past for pay or profit? 1.Yes 2.No	What was your employment status? 1.Private 2.Government employee 3.NGO 4.Unpaid 5.Self 6.Other	How long did you work? (years) NB. write "0" if the answer less than 1 year

NB. ***Productive Activity*** *is defined as work which involves the production of goods and services for sale or exchange. In addition, production of goods and services for own consumption is also considered as economic activities. These activities could be performed for an individual, family or private enterprise, government establishment. On the other hand" unpaid household chores such as preparing food, cleaning the house, taking children are not considered to be economic activities (ILO, 1982 cited in CSA, 2010).*

Section III: Job Preferences, Social Network and Fathers' & Mothers 'educational status of Respondents

17	18	19	20	21	22	23	24	25
Job Preferences			Membership		Social Network status		Fathers' Educa-tional status	mothers' Educa-tional status
What types of jobs you prefer to do? 1. Self employ-ploy-ment 2. Paid em-ploy ment 3. Any avail able job 4. other	Do you pre-fer the exist-ing job that you have been doing now? 1.Yes 2.No	Do you prefer a job based on your work experi-ence? 1.Yes 2.No	Are you a member of any so-cial,(Youth) group in the Town or Kebele? 1.Yes 2.No	Do you think member-ship that being benefit you to get Employ-ment? 1.Yes 2.No	Do you have any so-cial network (con-tacts) with other people to share infor-mation about jobs? 1.Yes 2.No (skip to Q23)	Where most of your con-tacts are found? 1.In the city 2.Outs ide the city 3.both	Can your father read and write? 1.Yes 2.No	Can your father read and write? 1.Yes 2.No

Section IV: Household Income and other Characteristics of Respondents

26	27	28	29	30	31	33	34
Household Income			Access to Information			Availability of Job related Information in the town	
What are the major sources of income in HHs? 1.Privately owned enterprise. 2.Paid employment 3.Remittance 4. Pension 5.House rent 6.Others	Who can Produce income among your HH member? 1.Father 2.Mother 2.Children 3.All 4.other	What is the total monthly income of your HHs in birr?	Did you follow up information to find jobs? 1.Yes 2.No	What type of media mostly you has been followed? 1.Vacancy notice; News Paper 2.Radio, Tv 3.Internet 4.Relative Friends 5.Private Employment Agency 6.Others	How often you follow medias? 1.Always 2. Once a week 3.Twice a week 4.Monthly 5.At six months 6.It depends	Where is the job information sources found in the city? 1.All kebele 2.Center of the town 3.Limited areas	Is job information adequately available in the city? 1.Yes 2.No

Section V: other Characteristics and Solution for unemployment of Respondents

35	36	37	38	39	40	41	42	43
Search of Jobs				Reducing of Unemployment				
Did you look for work or try to establish your own business during the last 3 months ? 1.Yes 2.No	What steps have you taken mainly in search of work or to start your own business? 1. Searching vacancy board. 2. Reading newspaper. Radio and TV 3. I have unemployed card 4.Seeking assistance of friends 5.Try to establish own enterprise 6.Direct application to employer 7.Checking at work sites 8.Others	What was the reason that you did not seek for work? 1.Family responsibility 2.Thought no work available 3.Lack finance 4.Others	What were the main problems you faced to establish your own business Enterprise? lack of finance 2.lack of training 3.shortage of equipment 4. Lack of information 5.other	Do you think, reducing youth unemployment is the responsibility of youths themselves? 1.Yes 2.No	Do families and religious institution have a role in reducing unemployment among youth in this area? 1.Yes 2.No	Do you think problems caused by unemployment can be reduced? 1.Yes 2.No	If "Yes" What do you that the most appropriate solution to reduce youth unemployment in as Adama city? 1.Strong social network 2.Effective entrepreneurship training 3.Population control 4.Credit provision 5.Quality education 6.control rural-urban migration others	As a solution, what would be the appropriate policy response in this area from the government and municipal administrative? Give your suggestion?

Thank you for your participation

Part B

INTERVIEW GUIDE LINE

Dear *Sir/ Madam*

My name is Ahmedteyib Kemal. I am undertaking a study on the Determinants of Urban Youth Unemployment in your area

I kindly request that, you answer these simple questions honestly. The information you give is strictly for academic purposes and will be treated with maximum confidentiality.

1. What are the statuses of youth unemployment in this area?
2. What do you think can be done to reduce youth unemployment in your area?
3. How has youth unemployment affected social problems in this area?
4. What kind of opportunities created by government for youth to be employment in this area?
5. Do the government labour markets policies aim at mitigating the problem of unemployment for young people? How?
6. What are the factors leading to the rise of unemployment amongst youth in Adama town?
7. Does the social policies or programs in place are effective to control the problem of unemployment if not what are your views on the possible solutions in this area?
8. What do you think about the increase of youth unemployment will be impacted in the society?

Thank you for your participation

Appendix II: Multicollinearity test

1. Correlation Matrix

pwcorr incom gender marst age educ jobpref asnet fatheduc matheduc migr worexp

	INCOM	GENDER	MARST	AGE	EDUC	JOBPREF	ASNET	FATHEDUC	MATHEDUC	MIGR	WOREXP
INCOM	1.0000										
GENDER	-0.3478	1.0000									
MARST	0.2595	-0.1402	1.0000								
AGE	0.4038	-0.2136	0.5345	1.0000							
EDUC	0.2471	-0.1328	0.0664	0.0806	1.0000						
JOBPREF	0.1667	-0.0091	0.0026	0.1042	0.0628	1.0000					
ASNET	0.3106	-0.0680	0.0923	0.1651	0.1062	0.1436	1.0000				
FATHEDUC	0.0550	0.0113	0.0140	0.0765	0.0812	0.1527	-0.0112	1.0000			
MATHEDUC	0.1390	-0.1114	0.0236	0.0928	0.1414	0.0495	0.1474	-0.0468	1.0000		
MIGR	0.2352	0.0161	0.1310	0.1982	0.0405	0.1167	0.1770	0.0251	0.0243	1.0000	
WOREXP	0.5009	-0.3569	0.0868	0.1807	0.1685	0.0351	0.1330	0.0358	0.0770	0.1256	1.0000

2. Variable Inflation Factor(VIF)

Variable	VIF	1/VIF
INCOM	1.81	0.553438
AGE	1.61	0.621144
WOREXP	1.42	0.702713
MARST	1.42	0.703950
GENDER	1.24	0.806149
ASNET	1.15	0.869782
MIGR	1.11	0.902346
EDUC	1.09	0.915550

JOBPREF	1.08	0.927383
MATHEDUC	1.06	0.945864
FATHEDUC	1.04	0.959699
Mean VIF	1.28	

Appendix III: Hosmer-Lemeshow Goodness of Fit Test

Hosmer-Lemeshow Goodness of Fit Test		
Chi-square	DF	Sign.
11.4670	8	0.1716

Appendix IV: Heteroskedasticity test

hettest
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of UNEMPL
chi2(1) = 24.42
Prob > chi2 = 0.0000