ADDIS ABABA UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEMOGRAPHIC AND SOCIO-ECONOMIC DETERMINANTS OF UNEMPLOYMENT IN ADDIS ABABA

BY: BULLO HINDEBU

JUNE 2010

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Demographic and Socio-economic Determinants of Unemployment in Addis Ababa

By

Bullo Endebu Rikitu

Institute of Population Studies
College of Development Studies

Approved by the Examining Board

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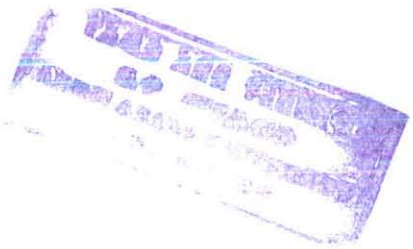

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DEMOGRAPHIC AND SOCIO-ECONOMIC DETERMINANTS OF UNEMPLOYMENT IN ADDIS ABABA

A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ADDIS ABABA UNIVERSIY IN PARTIAL FULFILLMENT OF THE REQUIREMEMNTS FOR THE DEGREE OF MASTER OF SCINCE IN POPULATION STUDIES

ADVISOR: Dr. BEZABIH EMANA

BY: BULLO HINDEBU

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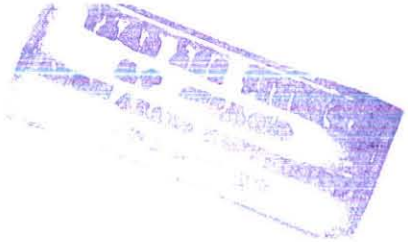
ACKNOWLEDGEMENTS

I would like to acknowledge my family for all their supports, encouragements and patience throughout my studies.

My sincere thanks go to my advisor, Dr. Bezabih Emana, for his comfortable academic supervision and constructive comments. His constant and constructive intellectual criticism with a brotherly approach and patient in all phases of initial planning to the finalization of the thesis is worth beyond mentioning. I also would like to acknowledge Adama University, Asella School of Health for sponsoring the entire study fee.

I would like to express my sincerely appreciation to Lecturers and Management of the Institute of Population Studies (IPS) as well as fellow graduate students who offered me helpful advice and support throughout the course.

Finally, this might be a good chance to acknowledge all my friends for all their encouragements throughout my study.



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LIST OF ABBREVIATIONS

BLES	Bureau of Labour and Employment Statistics
CSA	Central Statistical Agency
DEFF	Design Effect
EA	Enumeration Area
EEA	Ethiopian Economic Association
EBDSN	Ethiopian Business Development Services Network
ECA	Economic Commission for Africa
ILO	International Labour Organization
JBIC	Japan Bank for International Cooperation
MEFRP	Ministry of Economy and Finance of the Republic of Panama
NBS	National Bureau of Statistics
NGO	Non- Governmental Organization
NLFS	National Labour Force Survey
PPS	Probability Proportion to Sample Size
UBEUS	Urban Bi-annual Employment and Unemployment Survey
UNECA	United Nations Economic Commission for Africa

ABSTRACT

This study is primarily aimed at determining important demographic and socio-economic factors influencing unemployment in Addis Ababa. Cross sectional data were collected from 539 households through systematic multistage sampling technique in which those members of the household aged 10 years and above were eligible for the study. The structured questionnaire and in-depth interview of key informants were used to collect the data. Univariate, bivariate and multivariate analyses were made. The result has indicated that 57.4% of the sample population was employed while 42.6% were currently not working. Among those currently not working sample populations, 59% were available for work while 41% were not available to work (economically inactive). Hence, unemployment rate was found to be 30.01% and a considerable variation was observed between male and female. Male unemployment rate was 21.72% while that of female was 37.54%. There were strong association between unemployment and sex, age, marital status, migration status, relationship with the head of the household, educational level and household income. Finally, the study calls for the government and other private organizations for program intervention addressing the key factors that influence unemployment in the city. Improving internship and related programs aiming at assisting, empowering, developing and preparing the recent matriculates who could not join Colleges or Universities, for formal labour market jobs as well as self employment activities; promoting the development of micro enterprises along with provision of micro-loans for the purpose of expanding self employment by giving special attention to youth and households with low level of income; as female members of the households are more vulnerable to unemployment, efforts made by the government and other organizations to empower women should be further enhanced through education, skill building and micro-enterprise development.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Ethiopia is the second most populous country in Sub-Saharan Africa, next to Nigeria with an estimated population of about 73.9 million in 2007 (CSA, 2008). Fuelled by a high level of fertility rate, the country is experiencing high annual population growth rate of about 2.3 percent. According to the 2007 Population and Housing Census of Ethiopia, the proportions of male and female population were 50.5% and 49.5% respectively. The proportion of rural population has fallen from 86.3% to 83.8% between 1994 and 2007, while the proportion of urban has naturally risen from 14% to 16.2% (CSA, 1999; 2008). The factors responsible for the population rise are the continuously high birth rate and slowly declining death rate. The performance of these two factors has led to a population with an extremely young age structure. The age structure also differed between urban and rural areas. Urban areas have smaller proportion of population under age 10 than rural areas (20.7% in urban areas and 32.8% in rural areas).

According to the 2007 population and housing census of Ethiopia, Addis Ababa had a population of about 2.7 million of which about 1.3 million (47.6%) are males and about 1.4 million (52.4%) are females. The demographic characteristics of the city differ from those of the entire country. The population profile of the city is characterized by small number of children under age 10 (14.8%) while those in the age group 10-64 and above 64 accounts for 81.9% and 3.3% respectively (CSA, 2008). Considering the whole country, it is interesting to note that the population less than 10 years of age accounts for 20.6% of the entire population in the urban areas and for 33.4 % in the rural areas while those in the age group 10-64 accounts for 63.4% in urban areas and 76.4% in rural areas. Similarly, those in the age group of above 64 accounts for 3.2% in urban areas and 2.9% in rural areas. The comparison indicates that, in Addis Ababa there is smaller proportion of children and a huge proportion of working age population as a result of in-migration of young people from different parts of the country (EEA, 2007) as well as low

fertility even below replacement level according to the Ethiopian Demographic and Health survey of 2005 (CSA, 2006).

One interesting feature of the population growth rate of Ethiopia is its strong correlation with the growth rate of the working age population/labour force (CSA, 2006). For instance, the labour force has increased by 2.3% per year between 1999 and 2005. But its growth rate has been significantly higher for urban (3.7%) than rural (2.1%). One important reason for this difference could be the rapid rural-urban migration due to a host of socio-economic factors (CSA, 2006).

With inadequate access to financial capital, land and other physical assets, poor households and individuals in developing countries heavily rely on their own labour for their sustenance. The only way that the poor can derive their livelihood is by seeking employment in the labour market or by relying on their employed relatives through the social network (UNECA, 2005). In view of this and other similar concerns, there is a growing consensus among development economists, policy makers, international institutions and civil society that the success of pro-poor and pro employment growth requires a well-functioning labour market. Toward this end, the International Labour Organization has persistently advocated the cause of expanding decent work opportunities for the poor as an effective means of poverty reduction (ILO, 2003).

As in many other developing countries, the labour market in Ethiopia is typically characterized by huge inefficiency and underdevelopment (ILO, 2003). Labour supply in the economy by far exceeds labour demand and many men and women are unable to find suitable job. Apart from few of those who are gainfully employed, most often many work either less than full-time (open underemployment) or simply work full-time but at low intensity (disguised underemployment). Another interesting feature of the Ethiopian labour market is that it is heavily segmented, with important distinctions occurring between formal and informal employment, private and public job markets and wage employment and self-employment and so on.

Unemployment has become the prime socio-economic issue in Africa and a number of developing countries. Unemployment is a colossal waste of human potential and national

product. It is responsible for poverty and inequality, erodes human capital and also creates social and economic tension wherever it strikes (Snower, 1997). Hence, the level of unemployment of a country is widely used as an overall indicator in evaluating the current performance of its economy.

The problem of unemployment is a global issue at the moment that every nation is striving to control it at its minimum level. For example, unemployment has always been a matter of series concern in South Africa even in the 1970s, as unemployment rate ranged from 9.18% in 1972 to 30.5% in 2002 (Kingdon et al., 2003). However, in developing nations it is getting worse mainly due to the unbalanced relationship between the rate of economic development and the rapid population growth. Ethiopia is no exception in this regard, and its recent urbanization is aggravating the problem because of the rural-urban migration of people with scarce real working prospects. According to the 2005 labor force survey, unemployment rate was 19.3%, 26.6%, 26.3%, and 23.9% in Bahir Dar, Adama, Hawasa and Dire Dawa respectively. But in Addis Ababa unemployment rate was 31.2% (CSA, 2006). The figure is large in Addis Ababa when compared to other urban areas of the country because the city receives large number of immigrants from different corners of the country (World Bank, 2007).

1.2. Statement of the Problem

The problem of unemployment has been serious in most developing countries and the proportion of unemployed population grew from time to time and it has become the prime socio-economic issue in Africa and a number of developing countries. Unemployment is a colossal waste of human potential and national product because it reflects the failure to make use of an important factor of production, labour force, for fostering economic growth. It is responsible for poverty and inequality, erodes human capital and also creates social and economic tension wherever it strikes (Snower, 1997).

One of the major consequences of the urbanization process is the burgeoning supply of job seekers in both the modern (formal) and traditional (informal) sectors of the urban economy. In most African countries, the supply of workers far exceeds the demand, the result being extremely high rates of unemployment and underemployment in urban areas (World Bank, 2008).

In the case of Africa, unemployment is in an increasing trend in urban areas among the younger age population and women. ILO indicated that high level of unemployment in Africa and other developing countries have put a host of problems on the unemployed population like rising inequality and social exclusion, the waste of foregone output and utilized human resources, increasing economic insecurity, and human suffering. In Africa, youth who can find work often face long working hours, short-term or informal contracts, low pay and little or no social protection such as social security or other social benefits (ILO, 2005).

As in many other developing countries, the labour market in Ethiopia is typically characterized by huge inefficiency and underdevelopment (ILO, 2003). Labour supply in the economy by far exceeds labour demand and many men and women are looking but unable to find suitable job and stay unemployed (open unemployment). Apart from few of those who are gainfully employed, most often many work either less than full-time (open underemployment) or simply work full-time but at low intensity (disguised underemployment).

Ethiopia is also confronting a high level of youth unemployment. The labour force grows with an increasing proportion of youth while the opportunity of employment is inadequate in absorbing labour market entrants. The demographic transition from high fertility-high mortality to low-fertility and longer life expectancies implies a spike in the dependency ratio. Young entrants to the labour market, who are generally better educated than their parents and have higher expectations for employment, face difficulty in securing jobs in many parts of the world (World Bank, 2007). Moreover, young people are more likely to be employed in jobs of low quality, underemployed, working longer hours for low wages, engaged in dangerous work and receive only short term employment arrangements. Ethiopia has not yet entered into its demographic transition, and the fertility rate is so high that the population continues to grow at a rapid pace. Particularly, as land degradation and scarcity act as push factors for migration from rural to urban areas, urban youth unemployment is becoming an increasingly a major concern. For youth, who comprise almost one-fourth of the urban population, unemployment rates range from 25.9% for 15-19 years old to 31.2% for 20-24 years old. This reflects much higher unemployment rates for the younger age groups.

Disaggregating by gender reveals even larger differences: in the 15-19 years old it was 20.6% for males while 30.2% for their female counter parts; in the 20-24 years old unemployment rate was 23.3% for males and 37.4% for females; in the 25-29 years old it was decreased to 14.4% for males and 31.2% for females (CSA, 2006). Thus, unemployment is highest among the younger age groups in urban Ethiopia. In Addis Ababa, youth unemployment gets the worst as compared to that of other urban areas. It ranges from 38% for 15-19 years old to 41.5% for 20-24 years old. For the 15-19 years old, unemployment rate was 39.2% for males and 37.2% for females. For the 20-24 years old it was decreased to 35.1% for males but increased to 47% for females (CSA, 2006). Therefore, the problem of unemployment is severe in Addis Ababa.

In general, open unemployment in Ethiopia appears to be urban phenomena and particularly more severely prevailing in the capital city, Addis Ababa because the city receives large number of immigrants from different corners of the country (World Bank, 2007).

Given the aforementioned information, studying and analyzing the demographic and socio-economic determinants of unemployment is relevant to know why it is so high as well as which important background factors are affecting unemployment among the population of Addis Ababa. Thus, this study will attempt to analyze the relationship between unemployment and some demographic and socio-economic factors to fill the knowledge gap in the study area.

1.3. Objectives of the Study

1.3.1. General Objective

The general objective of the study is to investigate some Demographic and Socio-economic determinants of unemployment in Addis Ababa.

1.3.2. Specific Objectives

The specific objectives are:

1. To examine unemployment differences between male and females.
2. To examine the effect of age on unemployment.
3. To determine the relationship between marital status and unemployment.
4. To find the association between educational level and unemployment.
5. To explain the effect of household income on unemployment.

5.4. Hypotheses of the Study

1. There is a relationship between sex and unemployment in Addis Ababa.
2. Age and unemployment have an inverse relationship in Addis Ababa.
3. There is a relationship between marital status and unemployment in Addis Ababa
4. Educational level and unemployment have a negative relationship in Addis Ababa.
5. Household monthly income and unemployment have an inverse relationship in Addis Ababa.

1.5. Significance of the Study

Unemployment has become the prime socio-economic development issue in urban Ethiopia. Therefore, the analysis of unemployment is essential both in tackling present difficulties and foreseeing future changes. Though even when unemployed, some people continue to perform many unpaid duties which are essential to the running of family life and to the economy of the country as a whole. Therefore, the purpose of this study was to investigate the determinants of unemployment in Addis Ababa and come up with possible recommendations for policy makers and also for different interested organizations to work on the provision of different socio-economic services that will enhance employment opportunity for the population of Addis Ababa.

In this study, the relationship between unemployment and the demographic variables: sex, age, relationship to the head of the household, marital status and migration status and socio-economic variables: educational level, household income, ethnicity and religion could be used in advising relevant policies in the study area.

1.6. Operational Definition of Concepts and Key Terms

Migration status: permanence to the city during the survey time. For example, recent migrants for those lived less than 5 years, long time migrants for 5 and more years and non-migrants for native residents (CSA, 1999).

Household: consists of a person or group of persons, irrespective of whether related or not, who normally live together in the same housing units or group of housing units and have common cooking and eating arrangements (CSA, 2006).

Head of household: is a person who economically supports or manages the household or for some reason of age or respect is considered as head by the other members of the household. It could be a male or a female (CSA, 2006).

Household monthly income: The sum of all earnings obtained by all members of the household per month. It could be obtained from own enterprise or factory, trading, pension, monthly salary etc.

Sample population: consists of all persons aged 10 years and above who were members of the sample household during the survey.

1.7. Limitations of the Study

Shortage of finance and time limited the scope of the study. In addition, there were some problems encountered during data collection. The major problems encountered were:

1. Some of the household heads failed to remember/recall about some characteristics (e.g. age, readiness/willingness to work, etc.) of their household members because it was the household head who was interviewed to respond to all the questions concerning himself and on the behalf of other eligible household members. But to overcome this problem, to some extent, the enumerators requested them to give approximate answers.

2. Attempts were made to include/interview those on the street or who have no fixed residence in the city. But the attempt failed basically due to their extreme unwillingness (most of them refused the questions) and also due to unsuitable sampling problem for these social groups. Thus, the data and results of the study represent citizens who have reported to be resident of the sample Kebeles.

1.8. Ethics of the Research Considered

In conducting a research following the research ethics is indispensable. I exerted maximum effort to respect it and made to be respected. First, a letter was written from the Institute of Population Studies, College of Development Studies that made me communicate easily with the administration of the selected Kebeles. Then after, permission letters were obtained from those leaders of the sample Kebeles, objective of the study was clearly explained for the heads of the households to get verbal consent. The household heads were also informed that the whole process of questionnaire administration will be kept confidential and the study is only for an academic purpose.

Some of the issues of the research interest might be perceived as private (personal) and were also associated with stigmatized conditions, such as being unemployed or poor. Therefore, attempts

were made to avoide the names of the sample population from the collected data by coding it. These concepts were carefully explained to the data enumerators. For example, it was unethical to collect information without the knowledge of the sample population, their informed willingness, and expressed consent. Therefore, this study has been changed in to reality only through permitted research ethics.

1.9. Organization of the Thesis

This thesis is organized into six chapters. Chapter one covers background, problem of the statement, objectives, hypotheses, significance of the study, operational definitions of key concepts and terms, limitations of the study and ethics of the research considered. Chapter two reviews findings of other studies and researches relevant to this research topic and the conceptual framework. It is subdivided into review of concepts, employment role of the informal sector, gender and unemployment, age and unemployment, rural-urban migration and unemployment, education and unemployment, and household income and unemployment. Chapter three presents data and methodology used, which covers the study design and study population, source of data and survey method, sampling technique and sample size determination, recruitment, training of the field staff and data collection, data quality management, method of data analysis and variable definition. Chapter four presents results of the study which is organized under descriptive analysis which comprises description of demographic and socio-economic characteristics of the sample population, economically active and non active sample population, results on demographic and socio-economic determinants of unemployment which incorporates results of the bivariate and multivariate analysis as well as testing multicollinearty effect and model goodness of fit. Chapter five deals with discussions of the major findings and finally, chapter six summarizes the findings, conclusions and policy implications of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

2.1. Review of Concepts

The concept of unemployment seems complex in terms of measurement. Therefore, this study has adopted the following definitions of concepts for the purpose of understanding unemployment from the existing literatures.

Unemployed: Consists of persons aged 10 years and above, without work and those who are available for work, including those who were or were not seeking work. The measurements of unemployment are without work and currently available for work during the last seven days prior to the date of interview (CSA, 2006). Students, home-makers, pensioners and other persons who had no work during the reference period are considered as unemployed if they satisfy the above definition.

Employed: Consists of persons aged 10 years and above who during the last seven days period: (a) did any work at all; (b) had a job but were not at work due to illness, personal or family responsibility, bad weather, labour dispute, vacation, and other reasons except layoff or, if their job was not to start until a future date (CSA, 2006).

Economically active: Consists of persons aged 10 years and above who actually engages or attempts to engage in the production of economic goods and services (CSA, 2006). All persons aged ten years and over who were productively engaged or available to be engaged during the reference period were included as economically active persons. In other words, the economically active population comprises all persons aged ten years and over who were employed or unemployed in the reference period.

Economically inactive: includes those persons aged 10 years and above who have engaged in household duties in their home (homemakers), students, income recipients from property or other investments (CSA, 2006).

Open unemployment: includes those persons currently without job and looking for it (Genene et al., 2001).

Informal sector: sector which has less than 10 workers, no book of account and do not have a business license from any government authority (CSA, 2006).

2.2. Employment Role of the Informal Sector

The informal sector represents an important part of the economy and certainly of the labour market in many countries, especially in developing countries, and thus plays a major role in employment creation, production and income generation. In countries with high rates of population growth and urbanization, the informal sector tends to absorb most of the growing labour force in the urban areas (ILO, 2000). Hence, Informal sector employment is a necessary survival strategy in countries that lack social safety nets such as unemployment insurance or where wages, especially in the public sector, and pensions are low. In such situations, indicators such as the unemployment rate and time-related underemployment are not sufficient to describe the labour market situation. In other countries, the process of industrial restructuring in the formal sector is seen as leading to a greater decentralization of production through subcontracting to small enterprises, many of which are in the informal sector.

The informal sector represents a challenge to policy-makers with regard to issues such as: improvement of the working conditions and legal and social protection of the persons employed in the informal sector; increasing the productivity of informal sector activities; training and skills development; organization of informal sector producers and workers; development of appropriate regulatory frameworks; government reforms; urban development. Since many women and children are employed in the informal sector, issues emerge concerning the contribution of women to economic activities and concerning child labour (ILO, 2000).

According to ILO (2001), the majority of the labour force in Africa continues to eke out a living in low-productivity, low-income survival pursuits in agriculture and the urban informal sector. Even within the formal sector the majority of the workers is employed in low-skill and low-

income occupations in Africa. Thus, the labour force is characterized by a high degree of underemployment, both from the point of view of the pervasiveness of low productive activities and the persistence of low incomes, despite high levels of exertion. In the face of a slow growth of employment in the formal sector and economizing of labour in the course of implementing structural adjustment, the non-formal sectors have not only acted as residual sectors, but as labour absorbers of last resort. Increasingly, as recessionary trends have taken their toll, African households have been compelled to diversify their income sources by deploying their members into various activities in the formal, informal (rural and urban) and subsistence sectors (ILO, 2001).

In Africa, as in other less developed regions of the world, many hopes and expectations have been placed on the urban informal sector given the limited labour absorptive potential of the formal sector. Nevertheless, both from the point of view of policy and survival or economic viability the informal sector have proved quite indefinable. The sector has been seen from developmentalist, welfarist and romanticist perspectives but any focus on its promotion individually as a sector has yielded very indeterminate results, even if examples of success in individual activities have been cited (ILO, 2005).

Currently, there are two opposing views of informal labor markets. On one view, the informal sector is a residual sponge which absorbs part of the growing labor force that cannot be employed in the more productive and remunerative formal sector: its growth is a sign of economic failure, and policies are needed to reduce poverty within it. This view further perceives the informal sector as a state between formal employment with social protection and open unemployment. A form of market failure prevents individuals from moving from the informal to the formal sector. This is based on an 'insider-outsider' model where those in formal employment are insiders and those in the informal sector and the unemployed are outsiders. In the presence of such labor market segmentation, wages in the two sectors of the economy will differ for two employees of equal potential productivity.

On the other view, the informal sector is a dynamic sector, containing much budding entrepreneurship: its growth is a sign of economic success, and policies are needed for its encouragement. On the former view, informal employment is likely to be involuntarily imposed, and on the latter view it is likely to be voluntarily chosen. In fact, both views can be correct: they might apply in different countries, and in the same country in different proportions (Ruffer, 2007).

In developing countries, the term "informal sector" has broadly been associated with unregistered and unregulated small-scale activities that generate income and employment for the urban poor (Gundogan, 2009). With increasing urbanization, the informal economy tends to absorb most of the growing labor force. But the creation of employment through informal sector has generated poor working conditions such as; low wages, insecure jobs. Some of the main labor market problems generated by rapid and uncontrolled urbanization process in developing countries are; informality, urban unemployment, working poverty, decreasing work quality.

The share of informal employment is highest in the poorest developing regions, particularly in South Asia and sub-Saharan Africa. In India, for example, the share of informal employment was 76% in urban areas in 2000 (Deshingkars, 2004). The bulk of new employment generated in recent years in developing countries has been in the informal economy. Over the past decade, informal work is estimated to have created over 90% of new jobs in Africa, and a major portion of jobs in South Asia.

The informal sector is a tremendously important component of urban labour markets in Ethiopia, not only because of its sheer size relative to alternative opportunities, but also because of its distinct characteristics and its importance as a source of livelihood for the poor. Its significance from individual perspectives is underlined by its evident persistence as a labour market (World Bank, 2007). The informal sector accounts for the majority of employment in Ethiopia and it represented 71% of urban employment overall and 81% of youth employment (CSA, 2006). Several sectors are almost exclusively informal (at least as measured by the number of employees in the sector). These include domestic work, wholesale and retail trade, hotels and restaurants, and primary production. In overall, manufacturing accounts for about 45% and

trade/hotels/restaurants for about 38% of informal firms. Some activities appear to be strongly gender based: typically sectors for female include food manufactures, services (hotel and restaurants) and trade. Men are far more likely than women to work in real estate, transport, and construction.

In Addis Ababa city, informal activities take place in a very constrained environment. For initial capital, informal sector entrepreneurs rely almost exclusively on their own savings, and on help from friends and relatives, which is often a gift rather than a loan. Very few enterprises access startup capital through official channels. Lack of market or demand is the other major constraint that informal operators report their concerns about domestic price competition likely reflects the low barriers to entry. About a third of operators are price takers, in that they charge the going rate for their goods/services, which supports the conventional wisdom of a low degree of product differentiation (World Bank, 2007). EBDSN (2006) notes that market saturation by similar products, and that gains by firms which attempt to innovate are quickly erased as others imitate their success in Addis Ababa. Female owned businesses are significantly more likely to cite "lack of market" as a major issue, as are the less educated and those who chose their activity because of low barriers to entry.

2.3. Demographic Determinants of Unemployment

2.3.1. Sex and Unemployment

Breaking of labor according to gender has gone on due to the biological construction of either sex, till ancient times. In early times, women were dominant by struggling at home, while men were hunting and surviving the family and carrying basic necessities. After then, due to the settled life, men began to work in the agriculture and livestock fields and became dominant by changing the status of women. Hereafter, man became to act as decision maker while women became responsible only for the care of home and children (Fusun, 2009). There after the industrial revolution, women began to meet to the working-life.

Today, women's participation in labor force is in an increasing trend. In many developed countries, women's participation in labor is almost equal to men's participation. On the other hand, in many developing countries women's labor force is very lower than that of men's (Fusun, 2009). Most of the working women in developing countries work especially in agricultural sector as unpaid family workers while in developed countries they work in service sectors for payment. In general, the working areas are divided into women or men's work. Women are employed at low paid business and are in the lower steps of job hierarchy. The number of working women at top echelons is limited. Towards the end of the 1990's, non salaried male workers tended to be self employed whereas non salaried females tended to be unpaid family workers (ILO, 1990). On the other hand the incidence of part time work is higher for women, who tended to work fewer hours than men. Therefore, a high level of unemployment is one of the critical socio-economic problems facing less developed countries where women are severely affected. For example, the probability of leaving unemployment for women is substantially lower than for men in Turkey (Tansel et al., 2004). Hence, this may indicate that women may have a high shadow value of home production activities and thus a high reservation wage. It may also be an indication of discrimination against women in the labor market.

A survey conducted in Guatemala in 1999 have also showed that the higher unemployment rates and fewer working hours observed for females than for males due to coordination difficulties between hours and location of work and the availability of child care. Moreover, many women in urban areas work in the informal sector which accounts for 63 percent of female employment in Guatemala where earnings are one-third of those in the formal sector (Hallman et al., 2003). Similarly, much of the work available to women is badly paid or demeaning or insecure in Vietnam and also women unemployment rate is higher than that of men almost everywhere in Vietnam (Moghadam, 1999). Similar situation has been observed in Panama, the growth of employment among women is still insufficient to absorb the expansion of female population, leading to high levels of unemployment and disparity with regards to male unemployment. Female unemployment in 2004 stood at 17.9% points above the male unemployment rate. Female unemployment rate in urban was 13.7% and that of male is 11.1% (MEERP, 2006).

In most of African countries women unemployment is a substantial socio-economic problem. For example, cities of Senegal have high levels of unemployment and a deficit of infrastructure investment. The unemployment rate in the capital city of Dakar was estimated at 24.4% in 1992 and 34.6% among women aged 15 to 29 years and 44.3 % for women aged 20 to 24 years (Goldsmith, 2004).

Indileni (2000) also has shown that, by using a survey conducted in 1997 by the Ministry of Labour and the Central Bureau of Statistics, Namibia had unemployment rate of 34.5% in 2000. This indicates very high rate reflecting a typical developing country's labour market. The survey also established that, the urban unemployment rate is somewhat higher than the rural rate and it hit women harder than men: female urban unemployment stands at 43% against 28% for males (Indileni, 2000). Similarly, in Tanzania, National Bureau of Statistics (NBS) has indicated unemployment in urban areas increased from 14.8% to 16.6% in 2000 to 2001. It is five times higher than that of rural one. The female labour force participation rate was 8 percent higher than that of female participation rate (NBS, 2002).

Mekonnen Teshome (2008), by using data from World Bank, has indicated that youth make up 40% of African working age population. But 60% of the total is unemployed. The share of unemployed youth among the total unemployed can be as high as 83% in Uganda, 68% in Zimbabwe, and 56% in Burkina Faso. In general, 72% of African youth live on less than 2 USD a day. And he also indicated unemployment is more prevalent in urban areas, because urban areas have attracted the rural poor but continue to be very slow to create job opportunities that most migrants come in search of in the city. He concluded that the young African women are more likely to be unemployed and underemployed and more likely to be out of the labour force market than young African men. Paradoxically, young women also work more hours than men, especially on household chores (Mekonnen, 2008).

In Ethiopia, labor force participation rate in economic activities among men and women significantly differed. The 2005 labor force survey reported that women (7.8%) face higher level of unemployment compared to that of their male counter parts (2.5%). Significant differences exist between male and female unemployment rates in urban areas of the country. Women

unemployment rate was 27.2% while that of men was 13.7% in urban areas. Similarly, in Addis Ababa women (40%) faced higher level of unemployment than men (22.8%). According to the report on UBAEUS, male unemployment rate was 22.3% and that of female was 36.8% in Addis Ababa (CSA, 2004; 2006). This showed that female unemployment rate has increased rapidly than that of male in Addis Ababa between the 2004 UBEUS and the 2005 NLFS.

2.3.2. Age and Unemployment

The global jobs crisis has hit young people the hardest, especially young women. Youth unemployment is a major problem in many cities, and increasingly linked to growing social problems and can create urban unrest. According to World Bank 2007, of the 200 million jobless persons worldwide, about 90 million were young people aged 15 to 24. There are more than 1 billion young people aged 15-24 in the world today, and 85% of them live in developing countries. Youth who can find work often face long working hours, short-term or informal contracts, low pay and little or no social protection such as social security or other social benefits (ILO, 2006). In many economies, young people are more than three times as likely as adults to be out of work. Over 100 million working youth live in households that earn less than the equivalent of US$1 per day. Youth account for about 20% of the world's estimated 550 million working poor.

Both industrialized and developing countries are failing to increase employment opportunities for young people. The youth labour force participation rate declined from 59.3 to 54.4% between 1994 and 2004, mainly as a result of young people staying longer in education. But this has not sufficed to improve their employment prospects. The global unemployment rate among youth is 13.8%, up from 11.7% a decade earlier (ILO, 2006) however it is more harsh in developing countries. For example, according to the Bureau of Labour and Employment Statistics (BLES), in Philippines, study shows that unemployment rate decreases for both men and women as their age increases in 1998 (BLES, 1999). Similar situation is observed in Turkey, the probability of leaving unemployment increases with age. The probability is higher for men over 45 and for women over 35 compared to those who are in the age group of 15-19. That means unemployment decreases as the age increases in Turkey (Tansel et al., 2004).

In Ethiopia, according to the Ethiopia Demographic and Health Survey conducted in 2000 and 2005, women employment rate increase with increasing age. Women in the age group of 40-49 years are the most active group, while women under 20 are relatively less active. Men in the age group 30-34 years are the most active while those under 20 are less active (CSA, 2006). This implies unemployment is a problem of both young women and men in Ethiopia.

According to the report on the UBEUS in urban Ethiopia, both young men and women suffer high unemployment rate than others though the late entry into the labor market (CSA, 2004). This is particularly, because the young people still living in their parents' home can afford longer periods of unemployment while seeking a suitable job. On the other side, the sharp need to work for adult people and especially women pushes for more pressing labour force participation, so causing higher unemployment rates also in older ages.

According to the 2005 Ethiopian labour force survey, the unemployment rate by age group shows a spike in the 20-24 year age group and it declines fairly steadily thereafter, with the female rate falling below the male rate for older groups. The crossover of the male and female rates after age 50 is interesting. Although unemployment is lower among the oldest age groups, it remains significant for those aged over 60. Thus, labour market participation is still common for this age group (the activity rate for males aged 60 and over is 60% though for women it is only 26%). Based on the report of UBEUS, unemployment rate was the highest among age group 20-24 (40.1%) in Addis Ababa. Unemployment rates were 35.9% and 32.6% among age groups 15-19 and 25-29 respectively which implies unemployment hit the youth harder in the city of Addis Ababa (CSA, 2004). According to the 2005 labour force survey, in Addis Ababa, youth unemployment gets the worst as compared to that of other urban areas. It ranges from 38% for 15-19 years old to 41.5% for 20-24 years old. For the 15-19 years old, unemployment rate was 39.2% for males and 37.3% for females. For the 20-24 years old it was decreased to 35.1% for males but increased to 47% for females as compared to the 15-19 years old (CSA, 2006). Therefore, the problem of unemployment is severe in Addis Ababa.

2.3.3. Rural-urban Migration and Unemployment

Rapid and uncontrolled migration of the population moving from rural to urban areas causes serious problems from the viewpoint of labor markets. An increase in rural- urban migration flows is contributing to a larger urban labor supply. This increasing labor supply has produced an increasing urban unemployment rate and a deterioration in the quality of employment, as it is evident from the increased informal employment rates (Gundogan, 2009). One of the most distinctive features of the economies in developing countries is the fact that more than half of workers are employed in the urban informal sector. Urbanization and informal sector are joint and rising trends in these countries.

Urbanization is primarily the process by which people move from rural to urban areas. People move from rural to urban areas at large for job purposes. For example, (Hailu Worku, 2004), has suggested that migration of people from primary to non-primary economic activities, from rural areas to urban areas is thought to be the driving force for urbanization. Some have argued that movement of people from rural to urban brings the imbalance between labor supply and demand in urban, for example Gottdiener and Budd (2004) have indicated that far more people have migrated to urban areas than could be absorbed, and despite large investments in urban infrastructure the result has been a severe strain on urban services and labour markets in most developing countries.

The pace of urbanization has continued to accelerate, despite widespread concern over high rates of urban unemployment and under-employment that seem a consequence of excessive migration to the cities (Frankman and Edwin, 2008). In line with this Todaro (1989) argue that the problem of unemployment has been serious in developing countries and the proportion of unemployed population grew from time to time due to rural-urban migration.

Mekonnen Teshome (2008) also indicated that unemployment is higher among immigrants with higher education attainment and those in wealthy households in Africa. And he argued that the young African migrants are more likely to be unemployed and also more likely to be out of the labour force. In Tanzania, National Bureau of statistics (NBS) have revealed that the problem of

urban unemployment was notable high and this was mainly because of rural to urban migration in which labour supply outstrips demand (NBS, 2002).

Ethiopia is an agrarian country where agriculture accounts for more than 60 percent of the Gross Domestic Product (GDP), employing about 85 percent of the population, and accounts for about 90 percent of the export (CSA, 2006). As one of the indicators of economic status of the population, the household expenditure shows very unpleasant distribution. The country had continues environmental degradation and agricultural production failure which is a major constraint in making up a sustainable livelihood for many Ethiopian poor in rural areas. In addition to environmental problems, farmers face numerous constraints related to small and diminishing farm sizes, low tenure security, imperfect agricultural markets that together brought about an average decline of per capita agricultural production by 0.64 percent over the last ten years (ECA, 2001). These all lead the rural young people to migrate into urban centers particularly the capital city receives a large proportion.

In urban Ethiopia, especially in Addis Ababa more recent immigrants are normally less educated and poorer than natives and long time migrants (Genene et al., 2001). Therefore, they have stronger necessity to work and a higher propensity to accept any kind of work demanded. Their entrance into the labour market is earlier. Non- migrants on the contrary, have a later entrance into the labour market. This proves their possibility to go on studying or to wait for a suitable job. At the older ages, recent migrants' unemployment rate is highest because of the possible concurrence of the newer and younger immigrants on the same poor jobs. The necessity of earning by work compels the older ones to remain on the market in any case, seeking work.

2.4. Socio-economic Determinants of Unemployment

2.4.1. Educational Level and Unemployment

The educational systems in most developing countries have contributed to the growth of their urban unemployment because these systems are not well-matched to manpower and development that their economy requires. Some of the factors contributing to the mis-match are irrelevant curriculum orientation, over emphasis on formal education, negative social attitudes toward job involving manual labour and the structure of wages, salaries and other related incentives (ILO, 1999). Accordingly, in some countries education does not guarantee for employment. For example, in Philippines, Bureau of Labour and Employment Statistics (BLES, 1999) has indicated that men and women with high school and college education found it hard to get employment as compared to those with lower level of education . The situation may be explained by the mismatch in the education or skill to the needs of the existing industries. Similar situation is observed in Israel. Higher levels of general education are associated with higher levels of structural unemployment. For instance, college graduates who are displaced from their existing employment because of changes in demand for technology have a wider range of job problems; usually find retraining to be easier, than persons who have little formal education (Weisberg et al., 2001).

In contrast, a survey conducted by National Bureau of Statistics (NBS) in 2000/2001 in Tanzania has shown that 91% of unemployed persons in urban areas have no any training. For those primary school completers the rate of unemployment is 47.8% and for those secondary school completers it is 26% which implies education guarantee for employment in Tanzania (NBS, 2002). The same situation is observed in other countries. For example, it was indicated that higher education generally reduced unemployment rate by 10% as compared to basic education in Estonia, Latvia and Lithuania (Hazans, 2003).

Similarly, it was also shown that the effect of education on unemployment decreases with the level of education in Turkey. Individuals with four or more years of University education have significantly higher probability to be employed than the illiterates which indicates the importance of University education in Turkey (Tansel et al., 2004).

In Ethiopia, According to UBEUS conducted in 2003, unemployment rate was low among the illiterates than those who completed secondary level of education. Above secondary level of education (University and College) guarantee for employment. High risk of unemployment was found among those who have completed secondary level of education in urban Ethiopia (CSA, 2004). The same situation has been observed in Addis Ababa city. According to the 2005 Ethiopian labour force survey, some form of training is correlated with a 25 percent lower likelihood of unemployment in Addis Ababa, while it is not significant in other parts of the country. This is consistent with the expectation that there are relatively good opportunities for semi-skilled workers in Addis Ababa, and that training may help ease initial entry into the job market for young people (CSA, 2006).

2.4.2. Household Income and Unemployment

Open unemployment is a problematic issue to deal with in developing countries. Given the unavailability of a comprehensive and reliable social security system, theoretically there is a very high incentive to stay employed, especially among the poor (Daniel, 2007). Meanwhile, the poor who are not working, and to a certain extent the non-poor who are low educated and unemployed, tend to become discouraged workers. These are the people who are out of work but are not looking for work because they believe that they cannot find one (Kingdon et al., 2006). At the outset, the condition above implies that those who fall into the traditional definition of openly unemployed people who have no work and are actively looking for one in developing countries do not necessarily come from poor families since they can afford to wait for a job that fulfills their expectations. Furthermore, it is also possible that they are relatively highly educated, thus have high wage reservations and prefer to wait for the high paying job.

At the core of the poverty, both rural and urban, is limited access to income and employment opportunities. While the urban economy provides opportunities for many and is the basis for

growth and job creation, but not all those living in cities benefit from these opportunities. The urban poor face challenges of low skills, low wages, unemployment and under-employment, a lack of social insurance and unsatisfactory working conditions (World Bank, 2008). In some countries, the spatial location of slums, inadequate infrastructure, and negative stigma are also constraints to employment. The heavy reliance on the cash economy means that the urban poor are particularly vulnerable to unemployment shocks.

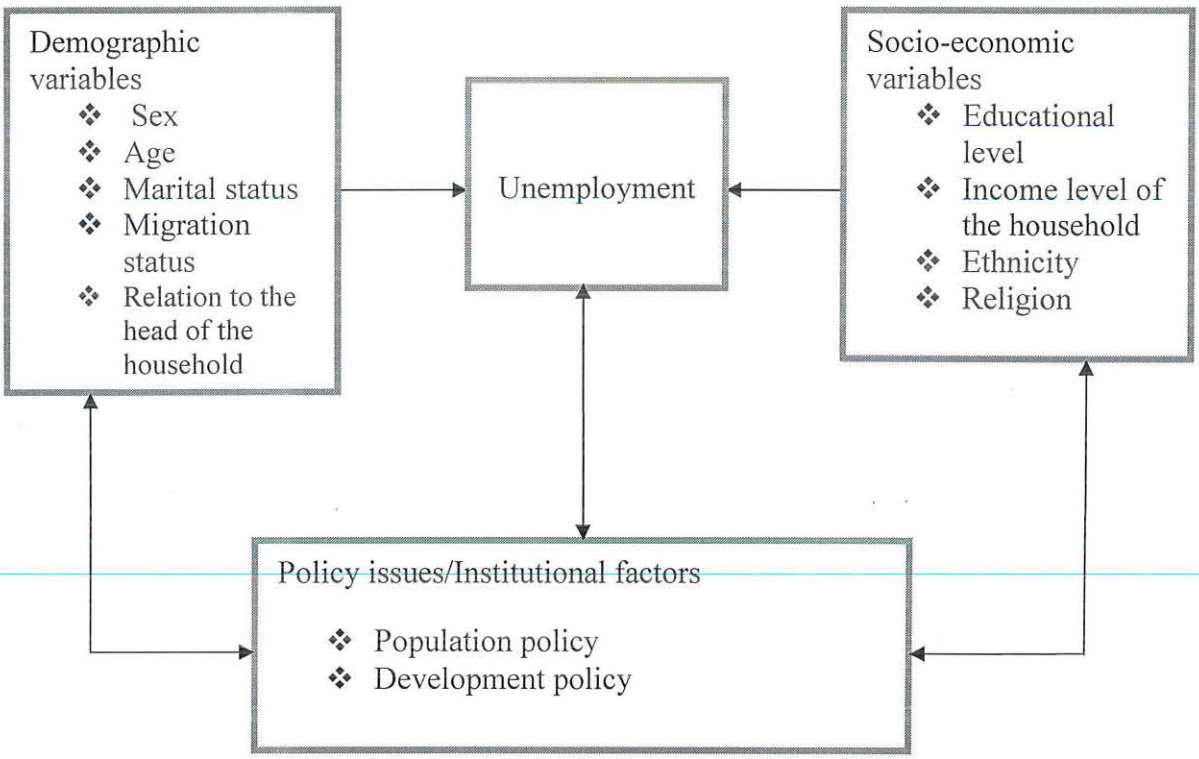
Unemployment is typically higher for the urban poor, as is underemployment. For example in Dhaka, Bangladesh unemployment rates for the poorest male workers are about 10%, twice that of the wealthiest (5%). For women, about 25% of the poor are unemployed compared to 12% of the non-poor (World Bank, 2007b). Similarly, in Mongolia, according to the survey conducted in 2001 by Japan Bank for International Cooperation, poverty is mainly as a result of the shortage of opportunities for employment and income, although poverty itself consists of many other dimensions (JBIC, 2002). This survey also suggested that the problem of unemployment and low income observed in the current generation, in turn, will have an impact on the educational level and health condition of the next generation, and consequently, affect the poverty situation. Therefore, urban poverty is closely related to unemployment. In Dare Salaam, also 22% to 26% of unemployment in urban areas is resulted from poverty (Repoa, 2001).

In Ethiopia, According to the report on the UBEUS in urban Ethiopia, those in the highest wealth quintile are much more likely to be employed than those in the other quintiles (CSA, 2004). This situation has also been observed in Addis Ababa in which people belonging to economically better households show a much higher labour force participation rates in middle and younger ages but an early exit (Genene et al., 2001).

2.5. Conceptual Framework

Based on the literature reviewed above, unemployment status of people over a given period of time is associated with various demographic and socio-economic variables. For the purpose of this study, in examining the determinants of unemployment, socio-economic variables like educational level, household income, ethnicity and religion as well as demographic variables such as sex, age, marital status, migration status, and relation to the head of the household are considered to have some effect on the independent variable (being unemployed) at time of survey. Hence, the following conceptual framework is developed in order to achieve the objectives of the study.

Fig.1. Conceptual frame work illustrating demographic and socio-economic factors associated with unemployment in Addis Ababa



Source: Developed by the author (2010)

CHAPTER THREE

DATA AND METHODOLOGY

3.1. Study Design and Study Population

In this study the cross-sectional study design was used to find out the various socio-economic and demographic determinants of unemployment from the population aged ten years and above. Hence, all population aged 10 years and above in the city of Addis Ababa represents the study population. According to CSA (2008), the city had a total population of 2.7million. Collecting information from all target population was impossible because of the constraints of time and money. Therefore, a sample of 539 households was selected for this study through a systematic sampling technique.

3.2. Source of Data and Survey Method

The study has used primary data on various socio-economic and demographic variables collected from the heads of the household concerning himself and household members aged 10 years and above in the city. This primary data were collected through household survey by means of structured questionnaire and in depth interview with key informants. Firstly, the questionnaire was structured to contain demographic and socio-economic characteristics of the eligible population. Thus, in this primary survey employment and unemployment information from those household members 10 years and above as well as information on sex, age, marital status, migration status, kinship relation to the head of the household, educational status, monthly income of the household, ethnicity and religion were collected by administering the questionnaire through face-to-face interview for all heads of the household visited. The heads of the household have answered the questions on the behalf of their household members during the survey. The questionnaire was prepared in English (see appendix i) and then translated into local language (Amharic) in order to ease the communication with the respondents. Finally, the information obtained was translated in to English during data entry.

The secondary data sources which were obtained from different sources like statistical abstracts, internet, related literatures, documents of administrative offices etc. were also used. Thus, in this study data were obtained from both primary and secondary data sources.

Detailed information was also collected by interviewing 15 selected key informants who have work relation with unemployment directly or indirectly. For instance, head of women and youth affairs, representative of the office of labour and social affairs, head department of employment and urban development, etc. at Kebele and Sub-city administrative levels and other related organizations in the city.

3.3. Sampling Technique and Sample Size Determination

The sampling technique used in this study was multi-stage random sampling technique (lottery method). Selection of eligible participants was done as follows: At first stage, from 10 sub cities of Addis Ababa three sub-cities (Gulele, Arada and Lideta) were selected randomly to avoid the bias in the selection process. Secondly, one Kebele was again identified randomly from each sample sub-cities since the number of Kebeles in each of the sub-cities was nearly equal (between 9 and 11). Accordingly, Kebele-07/17 from 10 Kebeles of Gulele sub-city, Kebele-04/05 from 10 Kebeles of Arada sub-city and Kebele-12 from 9 Kebeles of Lideta sub-city were selected.

Finally, eligible households were proportionally sampled by systematic random sampling technique based on the information of 2007 Population and Housing Census of Ethiopia. By applying probability proportion to sample size (PPS), 207 households from Gulele, 185 households from Arada and 147 households from Lideta were selected. Operationally, to locate the study participants the list of households in all enumeration areas (EAs) of each selected Kebeles, which was made by Central Statistical Authority (CSA) of Ethiopia in 2007 was used as a frame work. Based on the map of EAs and the list of households in each selected Kebeles, 539 eligible households were identified. More detail procedure was indicated in table 3.1 below.

In this study, the formula proposed by Cochran (1977) was used to determine the sample size required for the study.

$$n = \frac{p(1-p)(z_{\alpha/2})^2}{\varepsilon^2} \quad \ldots\ldots 1$$

Where n = the size of the sample.

$z_{\alpha/2}$ = The standard normal value corresponding to the desired level of the confidence.

$z_{\alpha/2}$ = A confidence interval of 95% was assumed ($z_{\alpha/2}$ =1.96)

P = 0.312, the proportion of unemployed for both sexes in Addis Ababa was 31.2% (CSA, 2006).

ε = Margin of error, ε = 5% was accepted by assumption.

$n = \frac{(1.96)^2*0.312*(1-0.312)}{(0.05)^2}$ = 330 was the minimum sample size

Since the sampling technique used was multi-stage sampling, the sample size was modified to account for the design effect (DEFF). This was in order to account for the loss of effectiveness in variation for not using simple random sampling. The design effect is the ratio of actual variance, under the sampling method actually used, to the variance computed under the assumption of simple random sampling.

DEFF = 1.6 (design effect is usually between 1 and 3) (Ariawan, 2005)

n (adjusted) = n (minimum)*DEFF

n = 330*1.6 = 528

The sample size was further increased by 2% for non response errors.

Hence, actual sample size = 528 +528*0.02 = 539

Table 3.1: Sampling technique and procedure

Sub-city	Number of Kebeles	Selected Kebeles	Number of households	Sample households
Gulele	10	07/17	5972	203
Arada	10	04/05	5366	182
Lideta	9	12	4254	145
Total	31	3	15592	528
Non response rate	==	==	==	528 + 11(2%)= 539
Grand total	31	==	==	539

Source: Own sample (2010)

3.4. Recruitment, Training of the Field Staff and Data Collection

Six data collectors were recruited. The recruitment of the data collectors was done on the basis of their experience of data collection and their level of education. Training of data collectors were conducted for one day. The training covered explaining the purpose and objective of the study, procedure of data collection, how to approach the participants and respecting the consent and ethical values of the respondents. Pilot survey from 5 households were collected in the city outside the sample Kebeles to assess the content, clarity, logical flow of the questions and the time needed on average to fill out a single questionnaire. Accordingly, 30-40 minutes was needed to fill out one questionnaire and it took 15 days to collect information from all sample households and the data was collected in March 2010.

3.5. Data Quality Management

The quality of the data was ensured through properly recruited and trained data collectors as well as through pre-tested questionnaire. Data collectors were closely supervised and feedback on corrections to be made was given frequently, each filled out or completed questionnaires were checked daily and information was exchanged with the data collectors and mistakes were corrected at every time of data collection. After the actual field work, the questionnaires were taken or obtained from the enumerators for further checking. The data were entered in to a computer by data entry clerk according to schedule. After the data entry, the data were checked for consistency and completeness.

The data clearing was done regarding missing and mismatching data by running simple frequency distribution, cross tabulation, sorting and other appropriate techniques by using SPSS version 15.0.

3.6. Method of Data Analysis

In order to attain the objectives of the study and test the stated hypotheses, the method of data analysis used varies from a simple to complex models. The analysis was done by using SPSS 15.0/the statistical package for social science/ at three levels: univariate, bivariate and multivariate. The analytical tools employed in this study were logistic regression model and a chi-square test. A logistic regression model was a useful measure to study the relationship between a binary response variable and one or more explanatory variable(s). Chi-square test was used to test the hypotheses that there were association between unemployment status and demographic and socio-economic characteristics of the sample population.

3.6.1. Univariate Analysis

This was the first level of analysis where frequencies and percentages of variables were analyzed. All variables were examined in order to perform bivariate analysis that tests the level of significance.

3.6.2. Bivariate Analysis

Cross tabulations were performed for analysis of a dependent variable and independent variables. The Pearson chi-square was used as a measure of association at 5% confidence level. Bivariate analysis was carried out to establish any statistical significance of the relationship between the dependent and independent variables. The Pearson chi-square was used to show the level of association by a p-value fixed at 0.05.

3.6.3. Multivariate Analysis

Multivariate analysis was performed to assess the factors that are associated with unemployment status. A multivariate analysis was employed to assess the net effect of each determinant factor by controlling for all other factors for the binary dependent variable. The degree of association between the dependent variable (unemployment) and the independent variables was tested by using logistic regression model.

The general model of the logistic regression equation used in the analysis was of the form:

$$\ln\left[\frac{p}{1-p}\right] = \beta 0 + \beta 1X1 + \beta 2X2 + \ldots + \beta k\, Xk \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 2$$

Where x_i's were set of independent variables: sex, age, marital status, migration status, relation to the head of the household, educational level, household income, ethnicity and religion.

β_0 was a constant while β_i's were regression coefficients. P was the probability of being unemployed and 1-p was the probability of being employed.

ln[p(event)/1-p(event)] = the risk or the odds of being unemployed in the logistic regression.

β_i was the factor by which the odds change when the i^{th} independent variable increased by 1 unit. If β_i was positive, then $Exp(\beta_i)$ would be greater than 1 which implies the odds were increasing. If β_i was negative, then $Exp(\beta_i)$ would be less than 1 by indicating that the odds were decreasing. When β_i was zero, then $Exp(\beta_i)$ equal to 1 by indicating that the odds would be the same within the categories of the i^{th} independent variable (Nicola et al., 2006).

In logistic regression, Exp(β) was the estimated multiplicative change in the odds for a unit increase in the predictor, controlling for the effect of others. The value of the relative odd ratio can be further expressed as a percentage change of the odds [Exp(β)-1*100]. Logistic regression was particularly relevant here because of the dichotomous nature of the response to the dependent variable which was unemployed or employed. The value label of the variable was '1' if a sample household member was unemployed and '0' otherwise.

3.7. Variable Definition

Dependent Variable

The dependent variable in this study was unemployment. Unemployment is dichotomous variable and it is the probability of being unemployed or employed during the survey. It was denoted by 1 if the sample household member was unemployed but 0 if employed during the survey time.

Explanatory Variables

This study contained demographic variables such as age, sex, marital status, migration status and relationship with the head of the household and socio-economic variables such as educational level, household monthly income, ethnicity and religion as independent variables.

Demographic Variables

The Ministry of Youth, Sports and Culture creates the national youth policy in March 2004, defining youth as individuals aged 15-29 and adult as those aged 30 and above. But in this study, those in the age category 10-14 (children) who were economically active (employed or unemployed) were only 4.2% in which it is difficult to give a conclusion about unemployment conditions of children. Hence, age was classified as 10-19, 20-29, and 30 and above years of age and the 30 and above was used as a reference category. Marital status was categorized as never married, currently married and divorced/widowed/separated and never married was used as a

reference category. Migration status as it was defined in chapter one as permanency to the city during the survey time, those less than 5 years as recent migrants, 5 and more years as a long time migrants and those natives to the city as non-migrants in which the non-migrants were used as a reference category. With regard to relationship with the head of the household, it was classified as head (used as a reference category), spouse, children (son/daughter), and other relatives and non relatives.

Socio-economic Variables

By taking educational system of Ethiopia into consideration, educational level of the sample population was classified as illiterate, primary (1-8), secondary (9-12) and above secondary level of education and then above secondary was used as a reference category. The sum of all earnings obtained by all members of the household per month was considered as household monthly income. It could be obtained from own enterprise/factory, trading, pension, monthly salary etc. Household monthly income level was grouped into 4 by using quartiles. According to the collected data, total monthly income of the household was classified as less than 500 Birr, 500-1499 Birr, 1500 -2499 Birr, and greater than or equal to 2500 Birr and 501-1499 Birr was used as a reference category. Ethnicity was classified as Amhara, Oromo, Tigre, Gurage and others and then Amhara was used as a reference category. Religion was also categorized as Orthodox (used as a reference category), Muslim, Protestant and Catholic.

CHAPTER FOUR

4. RESULTS

This chapter describes the demographic and socio-economic characteristics of the sample population by using frequency distributions and graphs. Furthermore, both the bivariate and multivariate results were presented by considering objectives of the study.

4.1. Descriptive Analysis

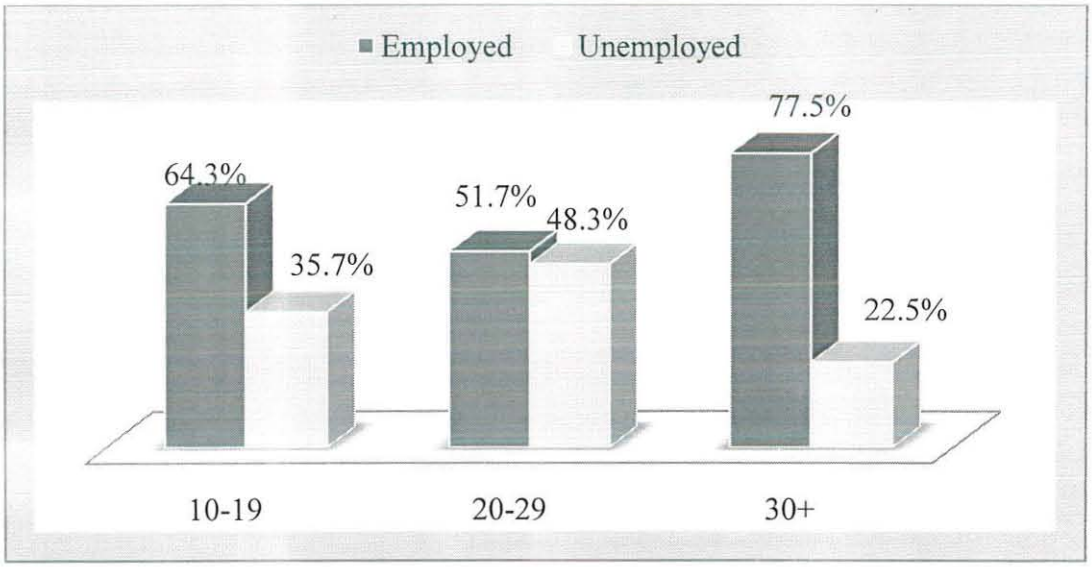
4.1.1. Demographic characteristics of the Sample Households

Demographic characteristics of the sample households described include age, sex, marital status, migration status and relationship with the head of the household.

Age

The result of the survey has indicated that out of the 1627 sample cases 18.6% were in the age group of 10-19, 33.1% were in the age group of 20-29, 48.3% were in the age group of 30 and over. According to the data, majority of the sample households were in the productive age population/or working age group. The proportions of males and females in the age group 10-19 were 47% and 53% respectively. 41.6% was males in the age group 20-29 while 58.4% was males. Similarly, the proportions of males and females were 53.2% and 46.8% in the age group 30 and above. In the age group 10-19, 64.3% were employed while 35.7% were unemployed. In the age group 20-29, 51.7% were employed while 48.3% were unemployed. Similarly, for the age group 30 and over, 77.5% were employed while 22.5% were unemployed. Hence, the age group 20-29 was more unemployed (fig.2 below).

Fig.2. Employed and unemployed sample population and age group (N=1627)

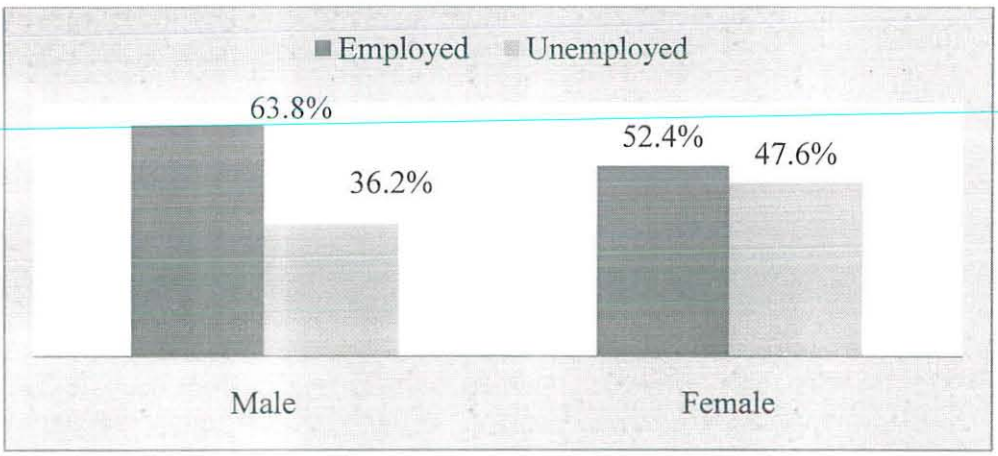


Source: Own survey data (2010)

Sex

The survey result showed that 48.2% of the sample households were male while the rest 51.8% were female. 36.2% of males were unemployed whereas 47.6% of females were unemployed as indicated in Fig.3 below.

Fig.3. Employed and unemployed sample population and sex (N=1627)

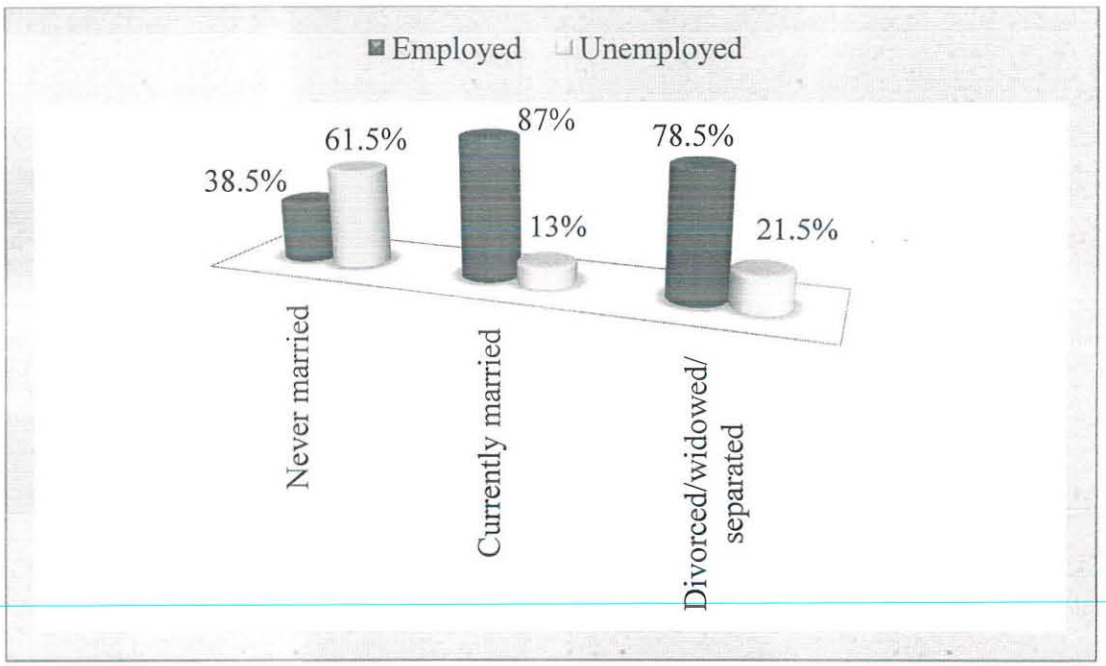


Source: Own survey data (2010)

Marital Status

The survey result indicated that 54.1% of the sample households were never married, 34.1% were currently married and 11.8% were divorced/widowed/separated (divorced = 3.5%, widowed = 6.1%, separated = 2.2%). The proportions of never married males and females were 46.4% and 53.6% respectively. Among the currently married, males were 51.1% while females were 48.9%. Similarly, the proportion of divorced/widowed/separated males was 48.7% whereas that of females was 51.3%. As indicated in fig.4 below, of the currently married, 87% were employed while 13% were unemployed. Unemployment was high among the never married, 61.5% was unemployed and 38.5% was employed. The divorced/widowed/separated have showed 21.5% unemployed and 78.5% employed during the survey.

Fig.4. Employed and unemployed sample population and marital status (N=1627)

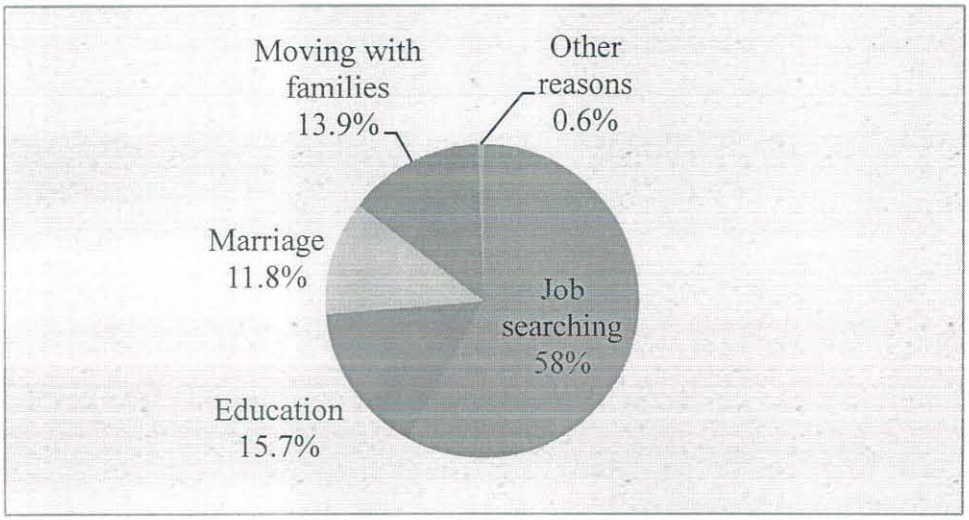


Source: Own survey data (2010)

Migration Status

According to the survey result, 68.7% of the sample households were non-migrant while 31.3% were migrants. . Among the migrants, recent migrants and long time migrants were 36.4% and 63.6% respectively. The proportions of male and female recent migrants were 46.7% and 53.3% respectively. Among the long time migrants, 49.8% were males while 50.2% were females. 48.3% of males and 51.7% of females were non migrants. The main reason for migration into Addis Ababa for the majority of the migrants was job searching (58%). Furthermore, 15.7% of them migrated for education, 11.8% for marriage, 13.9% were moving with family and the rest 0.6% migrated due to other reasons (fig.5 below).

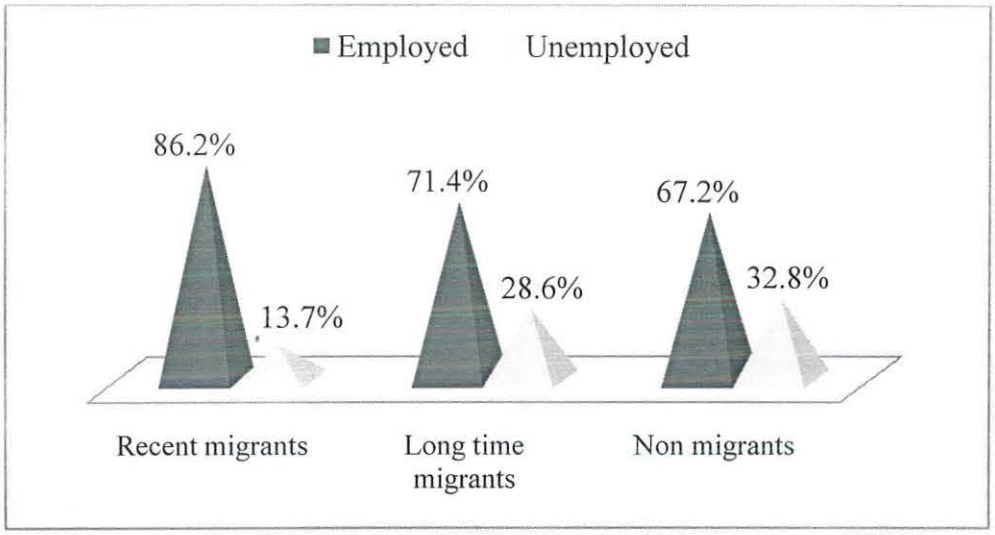
Fig.5: Major reasons of migration into Addis Ababa (N=1627)



Source: Own survey data (2010)

Among the non migrants 32.8% were unemployed; the long time migrants 28.6% were unemployed whereas the proportion unemployed among the recent migrants was 13.7% as shown in fig.6 below.

Fig.6: Employed and unemployed sample population and migration status (N=1627)

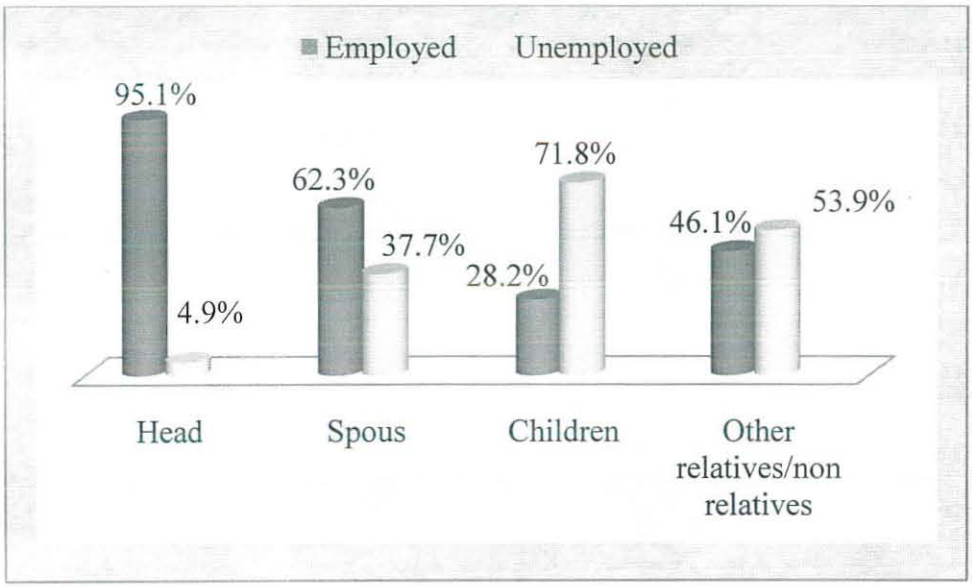


Source: Own survey data (2010)

Kinship Relation to the Head of the Household

During the survey, the relationship of the household member with the head of the household was explored. Accordingly, the survey result revealed that 32.6% of the respondents were heads, 15.8%, were spouses, 37.5% were children and 14.1% were other relatives and non relatives. The proportions of male and female heads were 74.9% and 25.1% respectively. Among the spouses, males were 7.4% while females were 92.6%. Similarly, the proportion of male children was 44.1% and that of female children was 55.9%. The proportion of males and females among the other relatives and non relatives were 43.5% and 56.5% respectively. Only 4.9% of the heads were unemployed while 37.7%, 71.8% and 53.9% of the spouses, children and other relatives and non relatives were unemployed respectively (fig.7 below).

Fig.7: Employed and unemployed sample population and relationship with the household head (N=1627)



Source: Own survey data (2010)

4.1.2. Socio-economic Characteristics of the Sample Population

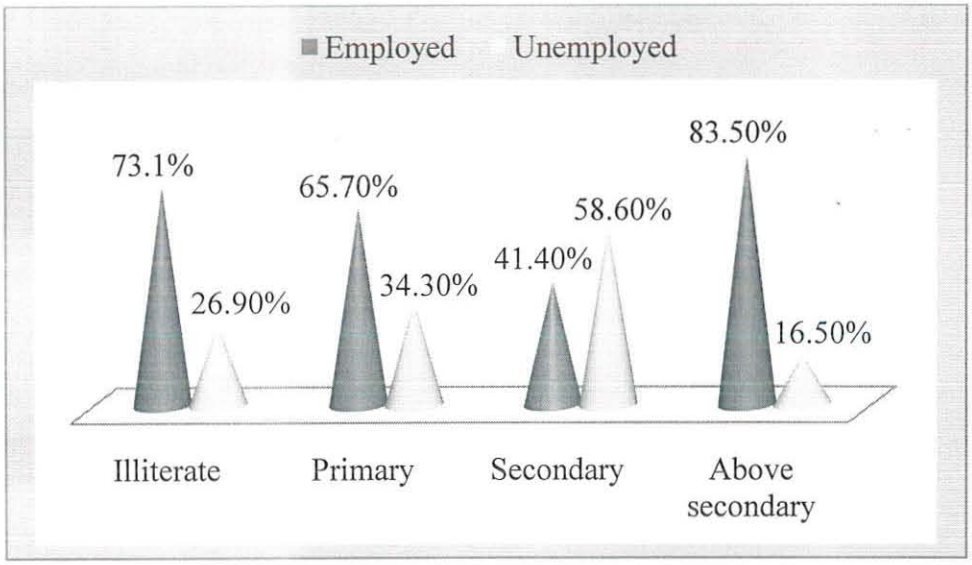
In this sub-section, some selected socio-economic background characteristics of the sample households such as educational level, household income level, ethnicity and religion were described.

Educational Level

The survey result showed that 9% of the sample households were illiterates, 27.2% have attained primary, 32.8% have completed secondary and 31% were above secondary level of education. The proportions of male and female illiterates were 30.8% and 69.2% respectively. 43.6% of males and 56.4% of females were attained primary level of education. Among those who completed secondary level of education, males were 42.3% while females were 57.7%. Similarly, 63.7% of males and 36.3% of females were attained above secondary level of education. The proportion unemployed among the illiterates was 26.9% whereas among those who attained primary level of education was 34.3%. The proportion unemployed was the highest

among those with secondary level of education (58.6%) while it was 16.5% among those who have completed above secondary level of education as shown in fig.8 below.

Fig.8: Employed and unemployed sample population and educational level (N=1627)



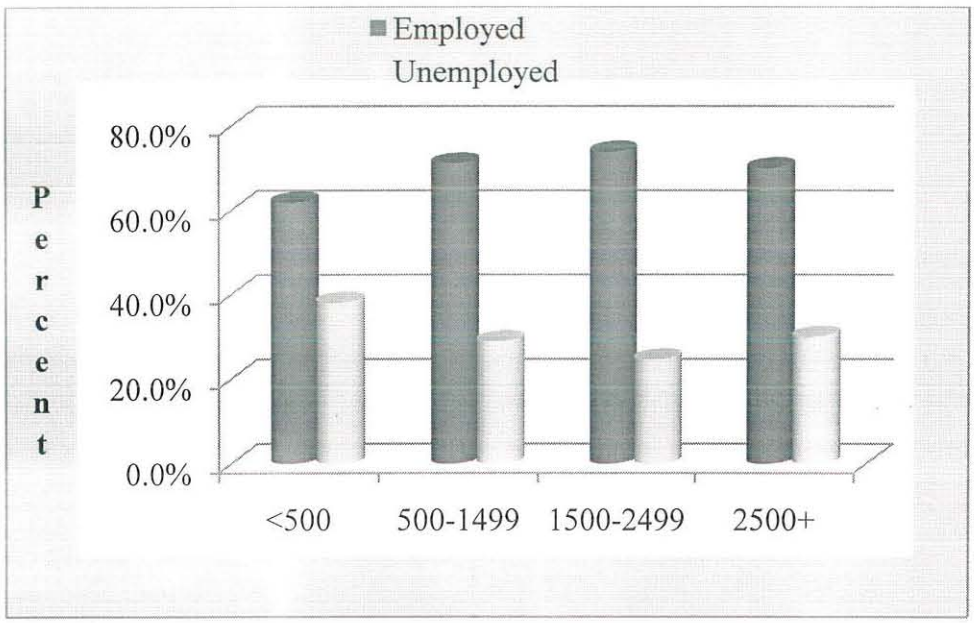
Source: Own Survey data (2010)

Household Income

Total monthly income of the household was asked during the survey. According to the survey result 25% of the households were earning less than 500 Birr, 26% were earning 500-1499 Birr, 24% were earning 1500-2499 Birr and 25% were earning 2500 and more Birr per month. The proportions of male and female residing in the household earning less than 500 Birr per month were 45.8% and 54.2% respectively. 46.9% of males and 53.1% of females were living in the household earning 500-1499 Birr per month. Among those residing in the household earning 1500-2499 Birr per month, males were 49.6% while females were 50.4%. Similarly, 56.3% of males and 49.7% of females were living in the household earning 2500 and more Birr per month. 38.1% of the household members residing in the household earning less than 500 Birr per month was unemployed and 28.9% was unemployed among the members of the household earning 500-1499 Birr per month. 24.6% of the household members residing in the household earning 1500-

2499 Birr per month was unemployed while 30% of the household members living in the household earning 2500 and more Birr per month was unemployed (fig.9 below).

Fig.9: Employed and unemployed sample population and household income (N=1627)

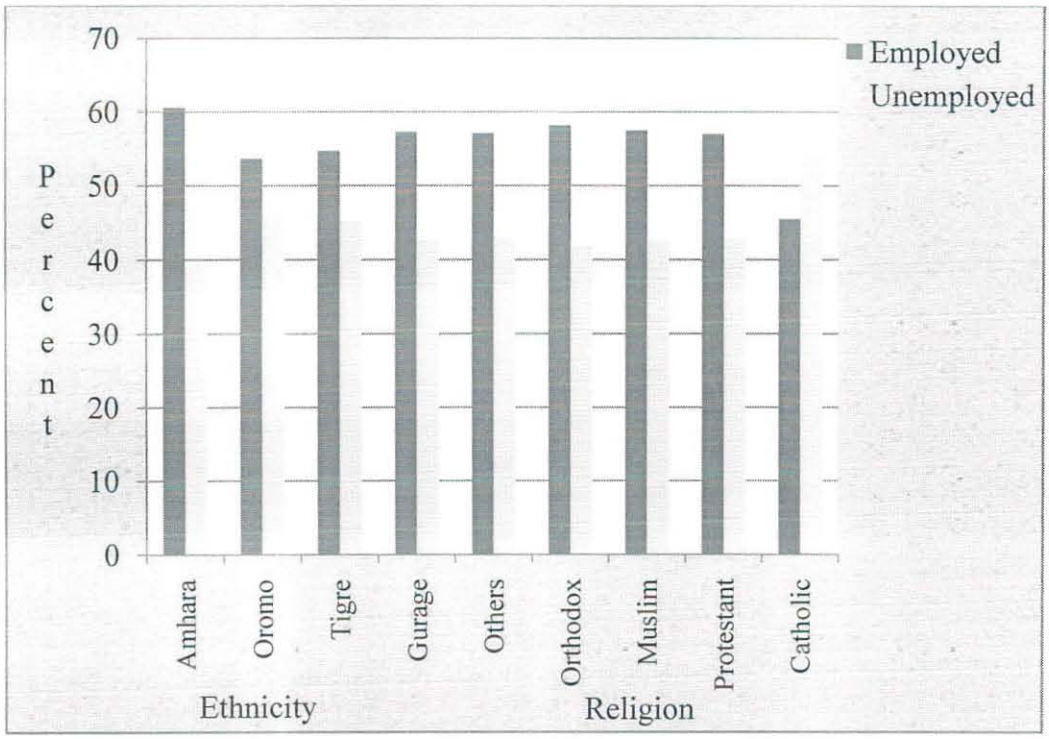


Source: Own survey data (2010)

Ethnicity and Religion

Ethnicity and religion of the sample households were also investigated during the survey and the survey result have shown that 49.4% of the sample households were Amhara, 23.4% were Oromo, 17.1 were Gurage, 7.9% were Tigre and the rest 2.2% were other ethnic group. As the religious affiliation of sample households was concerned, the majority (74.2%) of the them were Orthodox, 16.3% were Muslim, 8.3% were Protestant and the Catholic followers were only 0.7%. The Proportion unemployed among Amhara, Oromo, Tigre, Gurage and other ethnic group was 39.4%, 46.3%, 45.3%, 42.7% and 42.9% respectively. Similarly, the proportion unemployed among the Orthodox, Muslim, Protestant and Catholic was 41.8%, 42.5%, 43% and 54.5% respectively (fig.10 below).

Fig.10: Employed and unemployed sample population and ethnic group and religion (N=1627)



Source: Own Survey data (2010)

4.2. Economically Active and Non-Active Sample Population

To investigate the activity status of the sample, the participants were asked whether they or members of their households participated in any economic activities or not during the last 6 months and during the last 7 days prior to the date of the interview. Therefore, the results of the survey indicated that 58.9% of the sample households were employed while 41.1% were not working during the last 6 months prior to the date of interview (usual status approach). Similarly, 57.4% of the sample households were employed and 42.6% were not working during the last 7 days prior to the date of the interview (current status approach). The results of the usual status and the current status approaches do not show a significant difference. In this study the results of the current status approach was preferred for reporting because it has well considered those transient conditions connected to either occasional jobs or to the indefinite status between unemployment and one of the non-working conditions.

4.2.1. Economically Active Sample Households

Economically active population were those currently engaged in any activities and those currently unemployed (currently not working but available/ready to work by seeking or not seeking it). According to the survey result 82.7% of the respondents were currently active. Hence, unemployment rate was found to be 30.01% for both sexes. Men unemployment rate was 21.72% while women unemployment rate was 37.54%.

Type of Employment

Questions were asked to those who were employed about the type of job they were engaged in during the last 7 days. The result in table 4.1 below depicted that 51.4% of those employed responded as they were employed in different governmental offices while 20% of them were engaged in self employment activities. Some 12.6% and 9.8% were engaged in different private organizations and in domestic economic activities respectively whereas 4.4% were employed in NGOs and international organizations. Finally, the remaining 1.8% was engaged in other type of economic activities. The summary of the results was indicated in table 4.1 below.

Table 4.1: Distribution of currently employed sample population by type of their employment (%)

Type of employment	Frequency	Percent
Employee of the government	484	51.4
Self employed	188	20
Employee of private organizations	119	12.6
Employed in domestic activities(paid)	92	9.8
Employee of NGO(including international organization)	41	4.4
Other type of employment	18	1.8
Total	942	100

Source: Own Survey data (2010)

Mechanism of Searching for Job

During the survey, availability or readiness to work were checked by asking the measures they took in searching for job. The majority of them (43.6%) searched for vacancy on advertisement boards, 19.1% accessed the information/job through the assistance of friends, relatives etc., 16.8% were checking at work places, 8.9% made a direct application to employers, 8.7% were through advertisement in News papers, Radio and Television and the rest 2.9% were through other means of searching work (table 4.2 below).

Table 4.2: Distribution of the sample population by mechanism of searching for job (%)

Mechanism of Searching for Job	Frequency	Percent
Searching for vacancy on advertisement boards	126	43.6
Seeking assistance of friends, relatives, etc.	55	19.1
Checking at work sites/places	48	16.8
Direct application to employers	26	8.9
Advertisement in News papers, Radio and Television	25	8.7
Others	8	2.9
Total	288	100

Source: Own survey data (2010)

Problems of Establishing Own Business

The sample households were also asked about the problem they encountered if they tried to start or establish their own business/self-employment. The finding in table 4.3 below showed that 47.2% of the sample population had financial problem to start their own business. About 24.6% and 15.3% of the sample explained that as they had shortage of finance and work place in combination and lack of working place respectively. About 3.8% of them encountered shortage/absence of equipment and 2.8% were due to the combination of both training and lack of money. Moreover, 2.1% and 2.8% had no license and lacked training respectively.

Table 4.3: Distribution of the sample population by major problems of establishing own business (%)

Major problems in establishing own business	Frequency	Percent
Shortage of finance	136	47.2
Lack of training	8	2.8
Problem of working place	44	15.3
Lack of license	6	2.1
Shortage of finance and work place	71	24.6
Lack of training and finance	8	2.8
Shortage/absence of equipment	11	3.8
Other problems	4	1.4
Total	288	100

Source: Own Survey data (2010)

4.2.2. Economically Inactive Sample Households

Those who were currently not working were further asked whether they were available or ready to work during the last 7 days prior to the date of the interview. Accordingly, 59% of them were available or ready to work and 41% of them were not available or not ready to work, hence, they were economically inactive. The majority (68%) of the inactive persons reported that they were students and could not work. Homemaking contributed significantly (16.3%) to inactivity. Old age or pension and illness or injury contributed 10.3% and 5.7% respectively as it was presented in table 4.4 below.

Table 4.4: Distribution of current economically inactive sample population by major reasons of inactivity (%)

Reason for being not economically active	**Frequency**	**Percent**
Student	191	64.5
Homemaking	45	16.3
Disabled/injury	16	5.7
Pension/old age	29	10.3
Others	9	3.2
Total	290	100

Source: Own Survey data (2010)

4.3. Demographic and Socio-economic Determinants of Unemployment

In this section results of demographic and socio-economic determinants of unemployment have been explored by using both bivariate and multivariate analysis.

4.3.1. Results of the Bivariate Analysis

In order to test the hypotheses for association or relationship between the independent variable (unemployment status) and dependent variables: age, sex, kinship relation to the head of the household, marital status, migration status, educational status, monthly income of the household, ethnicity and religion, cross tabulations were performed. The Pearson Chi-square statistic was used as a measure of association at 5% level of significance. The higher value of Pearson Chi-square at small value of p ($p<0.05$) shows the presence of casual association between the dependent and its predictor. The results were given in table 4.5 below.

Table 45: Relationship between unemployment status and demographic and socio-economic factors (%)

Variables	**Employment Status**		**df**	**χ2**	**P value**
Age Groups	Employed	Unemployed	3	331.124	0.000***
10-19	64.3	35.7			
20-29	51.7	48.3			
30 and above	77.5	22.5			
Sex	Employed	Unemployed	2	221.835	0.000***
Male	63.8	36.2			
Female	52.4	47.6			
Relationship to the head of the household	Employed	Unemployed	4	536.744	0.000***
Head	95.1	4.9			
Spouse	62.3	37.7			
Children	28.2	71.8			
Other Relatives and Non-Relatives	46.1	53.9			
Marital Status	Employed	Unemployed	2	299.443	0.012*
Never Married	38.5	61.5			
Currently Married	87	13			
Divorced/Widowed/Separated	78.5	21.5			
Migration Status	Employed	Unemployed	1	52.476	0.007**
Recent Migrants(<5 years)	86.3	13.7			
Longtime Migrants(5 years and above)	71.4	28.6			
Non Migrants	67.2	32.8			
Educational Level	Employed	Unemployed	3	224.797	0.000***
Illiterate	73.1	26.9			

Primary	65.7	34.3			
Secondary	41.4	58.6			
Above Secondary	83.5	16.5			
Household Monthly Income Level	Employed	Unemployed	1	39.345	0.030*
< 500	61.9	38.1			
500-1499	71.1	28.9			
1500-2499	73.6	24.6			
2500 and above	70	30			
Ethnicity	Employed	Unemployed	4	5.979	0.211
Amhara	60.6	39.4			
Oromo	53.7	46.3			
Tigre	54.7	45.3			
Gurage	57.3	42.7			
Others	57.1	42.9			
Religion	Employed	Unemployed	3	0.624	0.849
Orthodox	58.2	41.8			
Muslim	57.5	42.5			
Protestant	57	43			
Catholic	45.5	54.5			

Source: Own Survey data (2010) Note: Statistically significant at *p < 0.05; **P < 0.01; ***p < 0.001

Age

As it was shown in the Chi-square statistic in table 4.5 above, there was a significant association between age and unemployment at Pearson $\chi 2 = 331.124$ *and* $p = 0.000$. The proportions of unemployed among the sample population were 35.7%, 48.3% and 22.5% in the age group between 10-19, 20-29 and 30 and above years respectively.

Sex

There was a strong association between sex and unemployment with $\chi 2 = 221.835$ *and* $p = 0.000$. As it was indicated in table 4.5 above, the proportion of female unemployed (47.6%) were much higher than their male counter parts (36.2%).

Marital Status

Marital status of the sample households was another explanatory variable that have an association or relationship with unemployment at Pearson $\chi 2 = 299.443$ *and* $p = 0.012$. According to the survey result, never married sample population was more unemployed than currently married and divorced/widowed/separated. The proportion of never married unemployed was 61.5%, currently married unemployed was 13% and divorced/ widowed/ separated unemployed was 21.5%.

Migration Status

There was an association between migration status and unemployment with a Pearson$\chi 2$ value of 39.284 *and* $p = 0.007$. The finding of the survey revealed that recent migrants have less chance of being unemployed as compared to long time migrants and non migrants. Only 13.7% of the recent migrants were unemployed while 28.6% of the long time migrants and 32.8% of the non migrants were unemployed.

Kinship Relation to the Head of the Household

There was also a strong association between unemployment and relationship with the head of the household with Pearson $\chi 2 = 536.744$ *and* $p = 0.000$. The headship responsibility in the household forces the household members to be economically active. Hence, the Chi-square statistic indicated that the heads of the household have less probability of being unemployed as compared to other household members. According to the finding of the survey, 71.8% of the children, 37.7% of the spouses, 53.9% of other relatives and non relatives and only 4.9% of the heads were unemployed (table 4.5 above).

Educational Level

The Chi-square statistic has shown that educational level of the sample households has strong association with the unemployment with $\chi 2 = 224.79$ *and* $p = 0.000$. The survey result depicted that the proportion of unemployed was high among those who attained secondary level of education (58.6%) and low among the above secondary level of education (16.5%). According to this finding, proportion unemployed among the illiterate was 34.2% while among those with primary level of education was 54%.

Household Monthly Income

Household monthly income and unemployment have an association with $\chi 2 = 39.345$ *and* $p = 0.030$. The finding of this study revealed that the highest proportion of the unemployed (38.1%) were the household members who were dwelling in the household with monthly income of less than 500 Birr. The proportion unemployed residing in the household with monthly income of 500-1499, 1500-2499 and 2500 and above were 28.9%, 26.4% and 30% respectively.

Religion and Ethnicity

The other socio-economic variables were ethnicity and religion. The chi-square statistic of this study revealed that there was no significant relationship between ethnicity and unemployment ($\chi 2 = 5.850,\ p = 0.211$) and also there was no significant association between religion and unemployment ($\chi 2 = 0.801,\ p = 0.801$). Therefore, ethnicity and religion were not very important variables in this study.

4.3.2. Results of the Multivariate Analysis

In this section results of testing multicollinearty effect and model goodness of fit were presented. Moreover, results of the logistic regression model were also presented. In order to assess the relationship between unemployment status and the predictor variables: age, sex, marital status, relationship with the head of the household, migration status, educational level, household monthly income, ethnicity and religion, a logistic regression model was fitted. During the analysis, the data were coded and a reference category was defined for each variable. Results are shown in table 4.6 below. The values reported in table 4.6 were the logistic regression coefficients (β) and the associated relative risks, Exp(β), of unemployment in Addis Ababa. Similarly, as indicated under the methodology section, Exp(β) represents the relative risk of unemployment with each covariate relative to the risk for the reference category. The relative risk for the reference category is unity [Exp(0)=1], hence, the Exp(β)=1 for any of the other categories indicates that the variable category in question has the same effect as the reference category on unemployment. A value of Exp(β) higher than unity indicates greater risk of unemployment than the reference category, while values less than unity indicate a lower relative risk of unemployment.

Testing Multicollinearity Effect and Model Goodness of fit

Multicollinearity is an interaction of explanatory variables with each other. There are different ways of testing the interaction between independent variables. But in this study, coefficient of contingency table was used where the values of the coefficients should be somewhere between +1 and -1. If the independent variables are completely associated with each other it is called perfect positive association and the corresponding coefficient will be +1. If the variables are completely disassociated to each other it is called perfect negative association and the value for the coefficient will be -1. If the variables are completely independent of each other, their coefficient of association will be 0. In this study, multicollinearty test showed weak association between the explanatory variables with a maximum value of 0.262, so that the Multicollinearity was not the problem of this study (see appendix ii).

Regarding goodness of fit of the model, there are also various methods to assess the extent to which the model robustly fits the data. One method is Hosmer and Lemeshow Test. It indicates the goodness of fit of the model and tests the hypothesis that there is no difference between observed and model predicted values. If the test is greater than 0.05 we accept the null hypothesis and conclude that the model well fits the data (Hosmer and Lemeshow, 2000). In this study the test was 0.892. Therefore, the model has fitted the data well (see appendix iii).

Table 4.6: Parameters of logistic regression model on unemployment and the predictor variables

Variables	Regression coefficients (β)	S.E.	Sig.	Relative risk [Exp(β)]
Position in the household(reference = Head)				
Spouse	0 .293	0.541	0.028*	1.340
Children	0.627	0.499	0.000***	1.872
Other relatives and non-relatives	0.433	0.482	0.000***	1.542
Sex(reference = Female)				
Male	-0.877	0.176	0.000***	0.416
Age(reference = 30 and above)				
10-19	0.468	0.299	0.000****	1.596
20-29	1.098	0.205	0.000***	2.999
Marital status(reference = Never married)				
Currently married	-0.823	0.614	0.002**	0.439
Divorced/widowed/separated	-0.411	0.494	0.000***	0.663
Migration status(reference = Non migrants)				
Recent migrants(<5 years)	-0.233	0.245	0.000***	0.792
Long time migrants(5 and above years)	-0.144	0.211	0.340	0.866
Household monthly income(reference = 500-1499)				
0-500	0.657	0.254	0.006**	1.928
1500-2499	-0.131	0.220	0.014*	0.877
2500 and above	-0.080	0.200	0.510	0.923
Educational status(reference = Above secondary)				
Illiterate	0.054	0.399	0.061	1.056
Primary	0.346	0.237	0.001**	1.413
Secondary	0.777	0.194	0.000***	2.174

Ethnicity(reference = Amhara)				
Oromo	-0.534	0.203	0.083	0.586
Tigre	- 0.443	0.289	0.356	0.642
Gurage	-0.453	0.225	0.664	0.636
Others	-0.138	0.540	0.904	0.871
Religion(reference = Orthodox)				
Muslim	0.143	0.221	0.643	1.154
Protestant	0.248	0.282	0.548	1.282
Catholic	-1.147	0.045	0.795	0.318

-2Loglikelihood	1576.048
Model χ^2	743.403
Number of cases	1346

Source: Result of the regression analysis of own survey data (2010)

Note: Statistically significant at: * P < 0.05; **P < 0.01; ***P < 0.001

Age and Unemployment

The multivariate analysis result in table 4.6 above showed that the sample households in the age group 20-29 (the young age group) were more unemployed than the 30 and above age group (reference category). According to the finding in this study, the risk of unemployment for the age group 20-29 was 2.999 times higher than the reference category and the result was significant (p = 0.000). For the age group 10-19 the risk was 1.596 times higher than the reference category.

Sex and Unemployment

The result of the logistic regression have indicated that the sex of an individual was strongly associated with the risk of unemployment (p = 0.000). The result of this study revealed that, the risk of unemployment for males were 58.4% [(1-0.416)*100] lower than for females (the reference category).

Marital Status and Unemployment

The result in the multivariate analysis indicated that those divorced, widowed or separated were less likely unemployed than the never married (reference category) which was lower by 33.7% [1-0.663*100%] and statistically significant (p=0.000). The risk of unemployment for the currently married was 56.1% [1-0.439*100%] lower than the reference category and statistically significant (p=0.002).

Migration Status and Unemployment

The result of the multivariate analysis revealed that recent migrants were less likely to be unemployed than the reference category (non-migrants). The risk of unemployment among the recent migrants was lower by 20.8% [(1-0.792)*100] than the reference category and the result was statistically significant (p=0.000). Long time migrants were also less likely unemployed than non migrants and their risk of being unemployed was lower by 13.4% however the difference was not statistically significant (P=0.340).

Relationship to the Head of the Household and Unemployment

Relationship to the head of the household was divided into 4 categories, head, spouse, children (son/daughter), and other relatives/non relatives. The head of the household was used as a reference category. Accordingly, the result have shown that the risk of being unemployed among the children were higher by 1.872 times than the head of the household. The risks of unemployment for the spouses and other relatives/non relatives were higher by 1.340 and 1.542 times than for the heads respectively.

Education Level and Unemployment

The educational level of the sample population was categorized into four groups by considering the Ethiopian school system. The sample household members who cannot read and write were categorized as "illiterate" and those who have completed grade 1-8 as "primary level of education", those who have completed grade 9-12 as "secondary level of education" and those who have College diploma and above as "above secondary level of education". Above secondary level of education was used as a reference category. Thus, the result of multivariate analysis revealed that for the illiterates, for those who have attained primary and secondary level of education, the odds of unemployment were found to be higher as compared to the reference category. The risk of being unemployed for illiterates was 1.056 times higher than the reference category but the difference was not statistically significant (P=0.061). And the risks of being unemployed for those who have completed primary (p=0.001) and secondary level of education (p=0.000) were higher by 1.413 and 2.174 times respectively as compared to the reference category.

Household Income and Unemployment

Household monthly income level has an association with unemployment as it was shown in table 4.6 above. The risk of unemployment was high among those residing in the household with monthly income less than 500 Birr. The result have indicated that the risk of unemployment was higher by 1.928 times for those who earned less than 500 Birr per month as compared to the reference category(those earning 500-1499 Birr per month) and the result was statistically significant (p=0.006). The result also showed that the risk of being unemployed for those residing in the household earning 1500-2499 Birr per month was lower by 12.3% [(1-0.877)*100] than the reference category. For those residing in the household earning 2500 and more Birr per month the odds of unemployment was lower than the reference category by 7% [(1-0.923)*100], however, the difference was not statistically significant (p= 0.510).

Religion, Ethnicity and Unemployment

As it was presented in table 4.6 above ethnic and religious background characteristics of the sample population did not significantly influence unemployment which has confirmed the results in the Chi-square statistic.

CHAPTER FIVE

DISCUSSIONS OF THE MAJOR FINDINGS

5.1. Discussions on Demographic Determinants

Age: ***The younger people were more unemployed than the older ones.***

There was a significant association between age and unemployment. For the age group 10-19, the risk of being unemployed was 1.596 times higher than that of the 30 and above age group. The risk of unemployment was higher among the young age group (20-29) and thus, according to the result of this study, the risk of unemployment for the age group 20-29 was 2.999 times higher than the 30 and above age group. This was perhaps due to the fact that age goes with experience and knowledge which implies that fresh graduates with no experience always find it hard to access decent jobs since they lack relevant experience. Alternatively, it might be because the young people still living in their parents' home and can afford longer periods of unemployment while seeking a suitable job. This result agrees with the study and finding by ILO (2006): In many economies of developing regions, young people were more than three times as likely as adults to be out of work. Youth who can find work often face long working hours, short-term or informal contracts, low pay and little or no social protection such as social security or other social benefits. For this support the sport and youth affairs department head of Gulele sub-city forwarded the following on March 18, 2010.

When we talk about unemployment in our sub-city it is a problem of youths. This problem may be attributed to 1) some of them search for decent work 2) some may lack work experience 3) their huge number in the city. The government has taken a lot of measures in supporting the youth by organizing them and providing micro-loans but it were impossible to do so for all youth inquiring the help because such micro-loans are limited. The government of the city also doing a lot over it but the problem is still high.

Marital Status: ***Marriage put a responsibility to work and earn some income and hence, the risk of unemployment was lower for those currently married.***

Marital status and unemployment were significantly associated. The result in the multivariate analysis indicated that the probability of being unemployed for those divorced, widowed or separated sample household members was 33.7% lower than for those never married ones. This was because they started shouldering all the responsibilities of their home from the time of divorce, widow or separation of their partner and also due to their stronger need to earn their living by work. The probability of being unemployed for currently married was 56.1% lower than that of the never married. The currently married were less likely unemployed, thus, marriage has placed some responsibilities to work and earn some income. This was the case because currently married individuals should work and earn some income to maintain their households' livelihood but never married individuals most of the time live with their parents in which they might not be forced to work and extend their job searching until they get the type of job they want. Moreover, it might be obviously due to their eagerness to continue higher education and the postponement of both family formation and entry in to the labour market if decent job were not available for them. Regarding these issues remarks were made on March 25, 2010 a 33 years old currently married man as:

I was married 7 years ago and at that time I and my wife had no work for income earning except her mother donated us one room for residing and other supports like for consumption. But I decided to find some work and I was employed in one private company as a gardener before 6 years. After one year I got a job in government organization and my wife also got her job in the same organization before 3 years. Now we share all the responsibilities and the costs of our 2 children together.

And a 30 years old separated woman living with her parents along with her 5 years old son explained on March 23, 2010 as:

I was separated from my husband 3 years ago for some reasons and I came to my parents' home with my son. I decided not to go back to my husband's home and I have had started working since last year in a private Cafeteria and I earn some income. But if I were together with my husband, I would have my second baby and could not be able to work out-side home.

Migration Status: ***Recent migrants into Addis Ababa were less likely unemployed.***

Migration of people to an area influences the labour market of that area by increasing the number of the labour forces. The result of the study revealed that recent migrants were less likely to be unemployed than the non-migrants. Long time migrants were also less likely unemployed than the non-migrants. The risk of being unemployed was 13.4% lower than the non-migrants however the difference was not statistically significant (P=0.340). This might be because of assimilation. The risk of unemployment among the recent migrants was 20.8% lower than the non-migrants. This result was consistent with the finding of Genene his associates: recent migrants have stronger necessity to work and a high propensity to accept any kind of work demanded (Genene et al., 2001). In line with this an in-depth interview was made with one Kebele Administrator in Arada Sub-city suggested on March 26, 2010 as:

At different times, a large number of people came and will also come to Addis Ababa for different reasons. The majorities were for job searching and it was those people who were engaged in casual works. They never underestimate work for the time being but as they stayed longer in the city they change their job.

During the data collection, a recent comer to Addis Ababa was also met on March 26, 2010 and requested if he was to explain why he came to the city. He was positive to answer and explained as follows.

I came to Addis Ababa before a year. First of all I have an elder brother from here and since I have ceased my education because of some reasons, he invited me to stay here together with him and search for job. Immediately, I have got job in one building construction as a daily labourer and I will be there until the construction of the building is completed or until I get a better job.

Relationship to the Head of the Household: ***The risk of being unemployed was low for the head of the household.***

Position in the household was also significantly associated with unemployment status during the survey. The risk of unemployment for other relatives and non-relatives were 1.542 times higher than the household head. The spouses have also shown higher probability of being unemployed by 1.340 times than the household head. According to the survey result the risk of being unemployed was much higher among the children. Hence, the risk of unemployment for children was 1.872 times higher than the household head. The heads are actually the bread winners, on whose labour income and the wealth of the households are mainly based but children, in case if they want and are allowed to work for the market can wait for longer time by choosing a job suitable to their will. Thus, the headship responsibility in the household forces the household members to be economically active.

5.2. Discussions on Socio-economic Determinants

Educational Level: ***Unemployment risk was higher for those who have attained secondary level of education.***

College diploma and University degree had guarantee for employment in Addis Ababa. The result of the study has indicated that the odd of unemployment was found to be higher for those who have attained secondary level of education by a factor of 2.174 than for those with above secondary. The odd of unemployment among the illiterates was also higher by 1.056 than for the above secondary, however, there was no statistically significant difference ($p = 0.061$) whereas the odd of unemployment was 1.413 times higher for those with primary education as compared to those with above secondary education. From this it was possible to infer that unemployment hit harder those who have completed secondary education. This could be explained as, they are young with no work experience and also they might be academically unable to join College or University but stayed without job. The results were in line with the study done by Kigdom and Knight which postulates employment opportunities increase with education with a significant increase at a tertiary level in South Africa (Kingdom et al., 2004).

The result of the present study was also consistent with the finding of Tansel and Mehamet (2004): Individuals with four or more years of University education have significantly higher probability to be employed than the illiterates which indicates the importance of University education for employment in Turkey. In line with this, a 21 years old woman who was living in Gulele sub-city with her parents and who attained secondary level of education put forwarded the following on April 2, 2010.

I am living in this sub-city and I have completed my secondary education last year but my academic result could not allow me to join a College or a University. I have been searching for work but still now I could not be able to find one. And I have also tried to establish my own business but it was impossible to get money and working place. Hence, I am still without job.

Household Monthly Income: ***Individuals residing in low level of monthly income were more unemployed.***

The level of Household income has shown a significant association with unemployment. The risk of unemployment was higher among those residing in the household with monthly income less than 500 Birr. The result has indicated that the risk of unemployment was higher by 1.928 times for those residing in a household earning less than 500 Birr per month as compared to those earning 500-1499 Birr. The result also indicated that the risk of being unemployed for those residing in the household earning 1500-2499 Birr per month was lower by 12.3% than those earning 500-1499 Birr. For those residing in the household earning 2500 and more Birr per month the odds of unemployment was lower than those earning 500-1499 Birr by 7%, however, the difference was not statistically significant ($p = 0.510$). In general, individuals living in households of low income have shown higher risk of unemployment. This could be for the reason that they were unable to afford the costs of job searching as well as their low educational level arisen from their being poor. The result of this study was similar with the findings of World Bank (2007b): Unemployment was typically higher for the urban poor. For example, in Dhaka, Bangladesh unemployment rates for the poorest male were about 10%, twice that of the wealthiest (5%). For women, about 25% of the poor were unemployed compared to 12% of the non-poor (World Bank, 2007b).

World Bank (2008) has also explained similar results: At the core of the poverty, both rural and urban have shown limited access to income and employment opportunities. While the urban economy provides opportunities for many and was the basis for growth and job creation, but not all those living in cities benefited from these opportunities. The urban poor faced challenges of low skills, low wages, unemployment and under-employment, a lack of social insurance and unsatisfactory working conditions (World Bank, 2008). In some countries, the spatial location of slums, inadequate infrastructure, and negative stigma were also constraints to employment. The heavy reliance on the cash economy means that the urban poor are particularly vulnerable to unemployment shocks.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

This chapter gives the summary of research findings on unemployment and factors associated with it with a specific reference to Addis Ababa. Conclusions were made and policy implications were suggested based on the specific facts obtained from the analysis of the data and major findings.

6.1. Summary and Conclusions

The extent of unemployment appears to be high in developing countries among the various groups of a society due to high rate of urbanization and population growth. In this respect, it has been shown that unemployment was high in Ethiopia, particularly in the capital city Addis Ababa.

This study has sought to assess the demographic and socio-economic determinants of unemployment in Addis Ababa. Descriptive analysis as well as logistic regression model was fitted for the analysis of the data.

The descriptive analysis of the data set has indicated that 57.4% of the sample household members were employed while 42.6% of them were currently not working. Among those currently not working sample population 59% of them were available for work but 41% of them were not available to work/economically inactive due to different reasons during the last 7 days prior to the date of interview. Among those who were available to work but unemployed, the major problems they faced in establishing their own business were lack of finance (47.2%).

The results in the bivariate analysis has revealed that there were strong association between the dependent variable unemployment and a number of predictor variables such as sex, age, marital status, migration status, relationship with the head of the household, educational level attainment,

and household monthly income level. But the dependent variable (unemployment) had no significant relationship with ethnicity and religious affiliation of the respondents.

The results of the multivariate analysis has also showed that demographic and socio-economic variables like age, sex, marital status, migration status, relationship with the head of the household, educational level and household income were strong predictors of unemployment.

According to the multivariate result, the age and sex of an individual were strongly associated with the risk of unemployment. Accordingly, the result of this study showed that the younger people were more unemployed than the older ones due to the fact that age goes with experience and knowledge which implies that fresh graduates with no experience always find it hard to access decent jobs since they lack relevant experience. The risk of unemployment was higher among females than their male counter parts which implies the existence of labour market gender segregation in Addis Ababa. According to the qualitative findings, this was due to the odd perception of women themselves and some old socio-cultural influences pulled out from past, women usually stick themselves to home activities. Moreover private organizations have shown an odd insights in employing female job seekers particularly in construction of buildings, roads, etc. in the city of Addis Ababa. Marital status has also played a great role in determining unemployment status of an individual in Addis Ababa. The risk of unemployment was lower for those currently married. Hence, marriage has placed some responsibilities to work and earn some income. This was the case because currently married individuals should work and earn to maintain their households' livelihood. Migration of people to an area influences the labour market of that area by increasing the number of the labour forces. Recent migrants into Addis Ababa were less likely unemployed since recent migrants have stronger necessity to work and a high propensity to accept any kind of work demanded. With regard to the relationship with the head of the household, the result of the study showed that the risk of being unemployed was low for the head of the household in the study area. The heads are actually the bread winners, on whose labour income and the wealth of the households are mainly based.

According to the multivariate result, educational level of an individual and income of the household were also strongly associated with the risk of unemployment. According to the results of the this study, unemployment risk was higher for those who have attained secondary level of

education in the city of Addis Ababa but College diploma and University degree had guarantee for employment. This could be explained as, they are young with no work experience and also they might be academically unable to join College or University but stayed without job. Individuals residing in low level of monthly income were more unemployed in Addis Ababa. This could be for the reason that they were unable to afford the costs of job searching as well as their low educational level arisen from their being poor.

The results of the quantitative findings were also supplemented by qualitative studies through in-depth interview made with some key informants and hence, the results obtained in this study were general problems prevailing in the city of Addis Ababa. So, some program interventions will be important.

6.2. Policy Implications

Based on the above empirical findings, the following policy implications can be drawn.

1. Bureau of Labour and Social Affair of Addis Ababa and concerned non government organizations should improve internship and related programs aiming at assisting, empowering, developing and preparing recent matriculates, who could not join College or University, for formal labour market jobs as well as self employment activities. In addition, these population groups should also make an extra effort to continue their higher education in private or government Colleges in order to acquire the necessary skill.

2. The empirical results signify the high risk of unemployment for the youth. Thus, government and other organizations should make extra efforts and job creation and skill building of the youth.

3. As female members of the households are more vulnerable to unemployment, efforts made by the government and other organizations to empower women should be further enhanced through education, skill building and micro-enterprise development.

4. Unemployment alleviation programs should specially target those households with low level of income. Households with low income should also strive to create their own employment by searching for financial accesses. Government or other private organizations' effort to promote the development of micro enterprises along with provision of micro-loans for the purpose of expanding self employment is an effort in the right direction.

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Appendix i

Questionnaires

Addis Ababa University

School of Graduate studies

College of Development Studies

Institution of Population Studies

Title: Demographic and Socio-economic Determinants of Unemployment in Addis Ababa

This questionnaire is primarily prepared to collect information on the demographic and socio economic determinants of unemployment in Addis Ababa by the researchers in line with the objectives of the study. Answers given to all questions are confidential and the investigator of the research would like to inform you that the study is for an academic purpose. Therefore, you are kindly requested to be cooperative enough to respond the following questions.

Will you participate in the survey? Yes ☐ No ☐

[Note to the enumerator]: If the answer is yes, continue asking questions below but if it is no say "thank you" and go for the next interview.

Identification of the area

Sub-city_____ Kebele _____

Name of the respondent _____Date of interview____/___/_____

Name of enumerator_____ sign _____

Supervisor's name _____ sign _____date_____

Household identification number _____

Part I. Household Questionnaire: Demographic and Socio-economic Characteristics of all members of the household

[Note to the enumerator]: 1. Start by saying "I would like to ask you about your demographic and socio-economic characteristics of all members of your household." **2.** Write "na" whenever the question is not relevant to the household member.

Serial №	**Usual Residents** (persons who continuously live at least for 1 month and have a common cooking and eating arrangements with the household during the last 12 months)	**Relationship** What is the relationship of __ with the head of the household?	**Sex** What is the sex of __?	**Age** How old are/is __?	**Monthly income of the household** (ask only for the head of the household)		**Educational Level** (For members aged five and above) What is the educational status of __?	
					What is the main source of your household income?	The total monthly income of your household is how much?		
	101	**102**	**103**	**104**	**105**	**106**	**107**	**108**
	Name of usual residents; start with the head of the household	0=Head 1=Spouse 2=Son/Daughter 3=Brother/sister 4=Brother/sister of spouse 5=Father/mother 6=Father/mother of spouse 7=Grand son/daughter 8=Other relatives 9=Non-relatives	1=Male 2=Female	(If less than 1 year write in months otherwise in completed years	1=Monthly salary 2=Own enterprise/factory 3=Trading 4=Pension 5=Other(specify)		Can__ read and write? 1= Yes 2= No (skip to col.110)	What is the highest Grade completed? 1=Primary(1-8) 2=secondary(9-12) 3=Above secondary
01								
02								
03								
04								
05								
06								
07								

Part I (Household questionnaire) Continued

Serial №	**Marital Status** What is the marital status of ___?	**Migration**			**Ethnicity** What is the ethnicity of ___?	**Religion** What is the religion of ___?	**Eligibility** household members aged 10 years and above are eligible
		Are _ native to Addis Ababa?	How many years have been elapsed from the last date of immigration of __into the city?	What was the main reason for immigration of __ into the city?			
	109	**110**	**111**	**112**	**113**	**114**	**115**
	1=Never married(skip to col.110) 2=currently married 3=divorced 4=widowed 5=separated	1=Yes (skip to col.113) 2= No		1=For job searching 2=For education 3=Marriage 4=Moving with family 5=Other(specify)	1=Amhara 2=Oromo 3=Tigre 4=Gurage 5=Other(specify)	1=Orthodox 2=Muslim 3=Protestant 4=Catholic 5=Other(specify)	Put a (√) mark for Eligibility
01							
02							
03							
04							
05							
06							
07							

Part II: Economic activity during the last 6 months for those members of the household aged 10 years and above

[Note to the enumerator]: Start by saying "I would like to ask you about your economic activity during the last 6 months."

Serial № of the household member	201	202	203								204	205
	Did you have any job/work that you started during the last 6 months? 1=Yes, I was employed 2=No, it was before 6 months (skip to col.204)	If the answer to question 201 is yes, during the last 6 months__work as 1=paid gov't employee 2=Paid family worker 3=paid NGO employee 4=paid private-enterprise employee 5=run self business (big/small); e.g. barber, shoe shinning, trade, produce goods for sale (e.g. ''injera'', ''tella'', etc? 6=unpaid family worker 7=other(specify)	If the answer to question 201 is yes, in __month how many weeks you have been working a job or being unemployed (seeking/available to work) during the last 6 months? **Note**:-A person is said to be working one week if he/she works at least 4 hours per week. A person is said to be unemployed in a given week if he/she was not employed but was seeking/available to work in that week. **[Note to Enumerator]**: For each month first ask weeks of employment and fill in the employment (A) raw, then ask weeks of unemployment and fill in the unemployment (B) raw.								Have you been looking for job or available to work in productive activity for some time in the last 6 months? 1= Yes 2=No	If your answer to question 201 and 204 is no, what was the main reason for not working or not looking for work during the last 6 months? 1=Homemaker 2=Student 3=Disabled 4=Illness 5=Too young 6=prostitute 7=Pension/old age 8=Other(specify
				1	2	3	4	5	6	T		
			status	Jan	Dec	Nov	Oct	Sept	Aug	Total		
01			A. Employment									
			B. Unemployment									
02			A. Employment									
			B. Unemployment									
03			A. Employment									
			B. Unemployment									
04			A. Employment									
			B. Unemployment									
05			A. Employment									
			B. Unemployment									
06			A. Employment									
			B. Unemployment									
07			A. Employment									
			B. Unemployment									

Part III: Economic activity during the last 7 days prior to the date of interview for those members of the household aged 10 years and above

[Note to the enumerator]: Start by saying "I would like to ask you about your economic activity during the last 7 days."

301. During the last 7 days were you engaged in any kind of income generating activities?

1=Yes, 2=No (Skip to question 306)

302. If the answer for question 301is yes, what was your generated income per month? _____

303. If the answer for question 301is yes, excluding lunch and journey time for how many hours did you work each day at all jobs in the last 7 days in total?_____

304. If your answer to question 301 is yes, what was your employment status in your main job?

1=Employee government
2=Employee domestic
3=Employee-Private organization
4=Employee-NGO (including international organizations)
5= Self employed
6=Unpaid family worker
7=Member of cooperatives (service/industrial)
8=Other (specify) _____

305. If you are member of any cooperative (service/industrial), how many hours did you usually work per week? _____

306. If the answer for question 301 is no, 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 own business/enterprise
2=Yes, paid for duration of absence
3=Yes, with assurance or agreement for returning to work
4=No

Serial № of the household member	301	302	303	304	305	306
01						
02						
03						
04						
05						
06						
07						

Part IV: Unemployment and characteristics of unemployed person for those members of the household 10 years and above

[Note to the enumerator]: Ask the following questions for those responded" no" to question 201 and "yes" to question 204 in part II and also "no" to question 306 in part III.

401. Did you look for work during the last 3 months? 1=Yes 2=No (if no skip to 403)

402. If the answer for question 401 is yes, what step have you taken mainly in search of work?

1= I have unemployment card
2=Direct application to employers
3=Searching for vacancy advertising boards
4=Seeking assistance of friends, relatives etc.
5=Through News paper, Radio and TV
6=Checking at work sites
7=Other (specify) _____

403. If the answer for question 401 is no, what was the reason that you didn't seek work?

1=Illness/injury
2=Personal/family responsible
3=Responsibility of home activities
4=Old age/pension
5=Student
6=Already found/made an arrangement for work
7=Waiting to rejoin my previous work
8=Thought No work available
9=Too young
10=Other (specify) _____

410. If the answer for question 408 is yes, where do you prefer the place of job to be?

1=Not available
2=Within this sub-city only
3=Anywhere in Addis Ababa
4=Anywhere in the Country
5=Overseas only

411. If your answer for question 410 is other than alternative 1, what type of job you are looking for?

1=Any available work
2=Self employment
3=Paid employment in private organization
4=Paid employment for government
5=Other (specify) _____

412. If your answer for question 408 is no, why you are not available for a work?

1=Homemaker
2=Student
3=Disabled/injury
4=Illness
5=Too young
6=Prostitute
7=Old age/pensioned
8=Other (specify) _____

413. If the answer for question 408 is yes, are you ready to undertake self-employment activity given necessary resources and facility? 1=Yes, 2=No

414. For how many months have you been unemployed? _____

Serial № of the household member	401	402	403	404	405	406	407	408	409	410	411	412	413	414
01														
02														
03														
04														
05														
06														
07														

Source: Modified and adopted from (CSA, 2004)

[Note to the Enumerator]: End by saying "I have finished my questions, thank you".

Guiding questions for in-depth interview

[Note to the enumerator]: First identify the Kebele leaders or some responsible body of the Kebele and some Kebele residents. Then ask the following questions about the work/job conditions of that Kebele in particular, sub-city and about the city in general.

1. How is the risk/problem of unemployment in the Kebele, sub-city and in the city as a whole?

2. What are the main causes of these?

3. Is there any measure taken by the concerned body to minimize it? If yes, what are these measures?

4. Is there enough employment absorbing capacity in the city? If yes, how much do you think? If no, why not?

5. How is the risk/problem of unemployment among those literate?

6. Which group of the population is highly affected by the problem of unemployment? For example, male or female? Youths or adults? Migrants or non-migrants? Why?

Appendix iii

Hosmer and Lemeshow Test for Model Goodness of fit

Step	Chi-square	df	Sig.
1	3.001	8	0.892

Source: Own survey data (2010)

Declaration

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

Bullo Hindesu		24/06/2010
Student	Signature	Date

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

Dr. Bezabih Emana		30/06/2010
Advisor	Signature	Date