

Demographic and Socio-economic Determinants of Urban Youth Unemployment in West Hararghe Zone, Oromia National Regional State, Ethiopia

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Abstract

Youth unemployment has a serious impact on the economic development of a country. In Ethiopia, the intensity of urban youth unemployment problem is high. The persistent high urban unemployment in the country continues to be a cause of concern. The main objective of this study was to identify the demographic and socioeconomic determinants of urban youth unemployment in west Hararghe zone, Oromia national regional state of Ethiopia. To carry out the study, primary data were collected from 396 randomly selected sample youth respondents. To analyze the collected data, the study used logistic regression model. The findings revealed that migration status, marital status, health status, family support, educational level, access to training, work experience and monthly family income were the significant determinants of urban youth unemployment in the study area. The study highlights the importance of changing youth's attitude towards work; capacitating youths through short term and long-term training; providing health care services; and improving the living conditions of urban households through expanding economic activity and employment opportunities in the area.

Key words: logistic regression model, west Hararghe zone, youth unemployment

1. INTRODUCTION

Unemployment has a close linkage with the state of the economy across the world which is often used as a measurement of the healthiness of the economy. It is one of the main challenges of the modern era in both developed and developing countries. Unemployment in developing countries is expected to increase by half a million per year in the year 2018 and 2019 (ILO, 2018). Together with populace boom and elevated poverty, unemployment has a significant effect on growth and development. It causes a waste of economic resources like the efficient labour force and influences the long run growth capacity of an economy. Unemployment offers upward thrust to private and social troubles in the society which includes accelerated crimes, suicides, poverty, alcoholism and prostitution. Excessive degree of unemployment problem can also make a contribution to unfold of HIV/AIDS in developing nations. In general, unemployment affects household income, health, government revenue and hence GDP and development at large (Rafik et al., 2010).

Youths are universally accepted as a crucial part of any society. Due to this, both international and local programmes as well as institutions give great concern for youths. Youths, which the United Nations defined as, those between the ages of 15-24, are more affected by unemployment. They are among the most important resources countries need to have in order to bring about prosperity (Chikako, 2018). Despite economic recovery, youth unemployment remains high, and they are more likely to be unemployed than adults around the world. Around one fifth of the world's young people are not in employment, education or training (ILO, 2018).

As a county, Ethiopia, continues to experience a sustained increase in birth rate, it remains as one of the fastest growing country in the world. A large share of its population is now composed of children and young adults. With this surge in population, majority of the youth does not absorb by the formal economy (CBMS, 2018). At present, youth unemployment is an ongoing problem in Ethiopia. Most of the people under 25 years old who want to work are not able to get jobs. Around 35 percent of these people have been in this state for more than a year now. In the urban areas 24 percent of the 15 to 24 years old are unemployed (Ibid, 2018).

The economic transition away from an agrarian base depends in part on the efficient functioning of urban labor market (Lercari et al., 2017). Ethiopia is one of the developing countries with the highest growth rate of urbanization. This high growth rate of Ethiopian urban centers brings considerable challenges to the country. One of the developmental challenges facing urban Ethiopia today is unemployment (Fitsum, 2014). Despite the growth in the labor force, employment growth is inadequate to absorb labor market entrants in urban areas. The April 2014 Central Statistical Agency survey result reveals that unemployed population in urban areas of the country was 1,432,368 with unemployment rate of 17.4 percent. The rate of unemployment for youth 25.3 percent covers 1,096,936 youth unemployed population in urban areas, which was higher than that of the total, adult and older age categories in 2018 (CSA, 2018). Due to population pressure and increase in rural to urban migration, the number of youths looking for work is expected to increase from year to year in urban Ethiopia.

To reduce the problems related with youth unemployment, different initiatives have been taken in Ethiopia. For example, the country's development plans concentrate on creating employment and income generating activities within the modern sector, informal sector and agricultural sector (Alemnew, 2014). In this case, unemployment and underemployment are targeted with special attention given to youth and women. In addition, the plan focused on job creation through private sector participation, with particular emphasis given to Micro and Small Enterprises, based on their potential to create employment opportunities. The plan also addressed improving the quality of education and integrating Technical and Vocational Education and Training with the job requirements of the economy, which were identified as key problems leading to rising unemployment particularly in urban areas (MoFED, 2010). Despite such initiative and improvements, unemployment is high and is one of the urban socio-economic problems in the country now a day.

The problem of urban youth unemployment is worth in Oromia region as compared to other regions of the country. Out of 1,234,961 urban youth's in the region 14.5 percent are unemployed in 2015 (CSA, 2015) and contributed the largest share of unemployed population to the total urban areas of the country by 456,147 persons with 18 percent unemployment rate in 2018 (CSA, 2018). This increase in urban youth unemployment rate from time to time intensifies the problems associated with unemployment in the region in which west Hararghe zone is not exceptional which have 26,796 urban unemployed youths out of 352,954 total urban youth population in the area (West Hararghe Zone Administrative Office, 2019). Even though, these empirical figures show the highest urban youth unemployment rate exist in Oromia region as compared to other regions of the country, little research attention is given yet before at the regional level in general and no related research is conducted in west Hararghe zone particularly.

Different unemployment focused researches carried out so far in Ethiopia highlights the factors that cause such unemployment problems at the country level. But their findings are aggregate results, and hence it becomes difficult to differentiate the significant factors affecting unemployment and design appropriate policy at lower administrative levels. Even if, there exist some researches done in specific areas such as (Tegegn, 2011; Wubante, 2015; and Lamesa *et al.*, 2018), their study area and target population are completely different from what this study was tried to incorporate. Therefore, at the time of this research, limited information had been accessible with respect to the determinants of youth urban unemployment in west Hararghe zone. Hence, with the above-mentioned research gaps; this study has intended primarily on identifying the demographic and socio-economic determinants of urban youth unemployment in west Hararghe zone and suggests appropriate policy recommendations for addressing the raised problem of unemployment in the study area.

This research work is significant in the sense that it bridges the gaps in the literature on urban youth unemployment. In addition to this, the findings of the study have a paramount practical benefit for policy makers and task forces to drive and implement appropriate policies for

reducing urban youth unemployment problem in the study area and hence to transform the economy.

2. Literature Review

2.1. Theoretical Literature

The linkage between a job and job seeker is expressed through various theories. Some of the theories that express job-individual relationships are presented as follow.

A) *The Human Capital Theory*: According to this theory, education is considered as an important asset for economic development as well as securing decent and productive job. Schultz (1961) cited that education plays extraordinary role in transforming the economy of a nation. It will increase the productiveness and performance of people through growing the level of cognitive knowledge of economically productive human capability that is a result of natural talents and investment in human beings. He further explained that schooling will increase the possibilities of employment inside the labour market; lets in human beings to acquire monetary and non-monetary returns and offers them chances for job mobility; and results in more output for society and enhanced earnings for the individual employee. Moreover, he said that higher schooling offers the abilities required to conduct complicated works, making human beings more efficient, which results in continuous economic growth. People with the most human capital are said to be the most productive, and thus secure the best jobs and the highest salaries. Therefore, education provides a crucial function in determining the employment status of an individual.

B) *The Social Capital Theory*: The social capital approach focused on the strength of the social tie used by a person in the process of finding a job. Granovetter (1973) stated that strong ties or social networks among people are frequent, emotionally intense ties with friends, advisors and co-workers. The information possessed by any member of this circle is quickly shared with the other members. He also noted that weak ties are infrequent, not emotionally intense, and restricted to one narrow type of relationship. Individuals with weak ties will be deprived of information from distant parts of the social system and will be confined to the provincial news and views of their close friends. Thus, individuals with weak ties could miss job opportunities available through social networks.

C) *The Job - Matching Theory*: The Job-matching theory is based on the idea that the labour market is composed of jobs of many different skills and experience levels, as well as workers of many different skills and experience levels. According to Jovanovic (1979), the most skilled workers (i.e. the most educated) should occupy the most skilled positions, and there is a mismatch if either the supply of educated workers or skilled positions surpasses the other. He also states that workers prefer such a match because they have the opportunity to utilize all of their skills, increasing their feelings of usefulness, which allows them to command higher salaries. Employers choose this kind of suit because those who are optimally using

their ability sets will maximize productiveness for their company and could live longer at the company.

D) *The Theory of Job Search*: Stephen and Jackman formulated the theory of job search. For Stephen and Jackman (1991), a typical unemployed person looking for work is expected to pass three stages. At stage one; he/she collects information about job vacancies. Vacancies come with different pre-assigned wage and conditions. In the second stage, he or she comes to a decision to apply for the vacancies that he or she learns of. The decision to apply for it depends on the expected value of getting a job or not. Lastly, he/she accepts the offer of any job for which he/she applied in getting it. The success of individual's application depends on his/ her personal characteristics. Thus, they concluded that individual factors and the degree of competition from other job seekers could affect the chance of finding a productive job.

2.2. Empirical Evidences

It became prudent in this research work to first see what earlier researchers have singled out over the causes of urban youth unemployment. A study conducted in Buthan by Yangchen (2017), have examined the determinants of youth unemployment by using a cross sectional data collected from 30,098 observations. For addressing his objective, the researcher applies ordinary list square multiple regression model. The result of the study revealed that there is significant correlation between youth unemployment and explanatory variables included in the model such as age, gender, and education, training and training duration. By applying similar data type and logistic regression analysis technique, Dagume and Gyekye (2016) found that skills and work experience have a negative relationship with unemployment in South Africa, Limpoo Province.

Another researchers, Thomas et al., (2016) have investigated the causes of high unemployment among youths in Zimbabwe's capital city, Harare by collecting cross sectional data from 120 unemployed youths. The researchers have used descriptive statistics for addressing objectives of their study. Their findings indicate that theory-intensive secondary school and university curriculum, government's misplaced priorities, corruption, nepotism, droughts, lack of specific job skills among the youths, and preference of white-collar jobs are among some factors which are responsible for youth unemployment in the study area.

A research conducted by Nganwa et al., (2015) tries to investigate the nature and determinants of urban youth unemployment in Ethiopia. This study applies logistic regression model over the micro level data obtained from Ethiopian Central Statistical Agency Urban Employment Unemployment Survey between the period of 2006-2011. The result of the study revealed that place of residence (regions), gender, age categories, and marital status significantly affect urban youth unemployment. However, education did not guarantee the employability of youth in urban areas of Ethiopia. Another study which is done by Amanuel (2016), based on the 2011 Ethiopian Demographic and Health Survey indicated that, the regional variations, access to electric power, age, gender, get entry to market information, financial status of households, youth's academic level are the substantial determinants of teenager's unemployment in Ethiopia.

Another researcher, Muhdin (2016) have done his study to investigate determinants of youth unemployment in urban areas of Ethiopia based on the cross-sectional data collected by Central Statistical Agency from 16,984 sample respondents from all regions of the country. Using descriptive and cross tabulation analysis, the study shows that youth unemployment is highly related with regional location, sex, marital status and education. The analysis also shows youths' dream to create their own job is constrained highly by shortage of finance and lack of work place.

Using a cross sectional data from Bahir Dar city, Wubante (2015) have examined the main determinants and consequences of women unemployment in Bahir Dar city, Ethiopia. To carry out this study, the researcher used mixed research approach specifically convergent parallel design. In view of that training skill, family size and household headship were found to be the significant determinants of women's employment status in the study area. Another researcher, Dejene et al., (2016), conducted the binary logistic regression to assess the determinants of youth unemployment at Ambo, Ethiopia. Their result showed that age of the respondents, migration status, education status, health status, household income, access to credit and saving services, access to job information, and work experience were the main demographic, human capital and socio-economic variables which significantly relate with youth unemployment. Tsegaw (2019) have also investigated the socioeconomic determinants of youth unemployment in Wolayta Sodo town, Ethiopia. He has used cross sectional data from 395 youths and used logistic model to analyze his data. The result of the study revealed that confidence, education status, and access to information were the main significant factors affecting youth unemployment in the study area.

The research done by Aynalem and Mulugeta (2018) have used cross sectional data collected from 397 youth respondents to identify determinants of youth unemployment in east Gojjam zone of Amhara region. The researchers have employed both descriptive statistics and inferential analysis of binary logit model for analyzing their data. The findings of their study indicated that variables such as age, work experience, skill match, social network and family prosperity have negative and significant impact on urban youth unemployment. Whereas, education and urban youths migration status have statistically significant positive effect on unemployment.

Amanu and Fufa (2019) have conducted a study under the aim of investigating determinants of urban youth unemployment in Guder town of West Shoa zone of Ethiopia by employing primary data collected from 91 sample respondents through interview. The researchers have used binary logistic regression model to analyze the data. Their regression results from a binary logit model estimation shows that sex, educational level, marital status, skill match and access to credit are the significant determinants to urban youth unemployment.

3. Research Methodology

3.1. Description of the Study Area

West Hararghe zone is found in Oromia national regional state of Ethiopia. It is bordered by Somalia region in the North West, Afar region in the north, east Hararghe zone in the east and Arsi zone in the west. The zone is structured by 15 districts and 2 zonal towns namely Chiro and Bedessa. According to the CSA (2018) population projection, the zone has a total population of 2,502,167 of which 1,282,177 are males and 1,219,990 with annual growth rate of 3 percent. The rural annual population growth rate is about 2.7 percent while the urban population growth rate is about 6 percent.

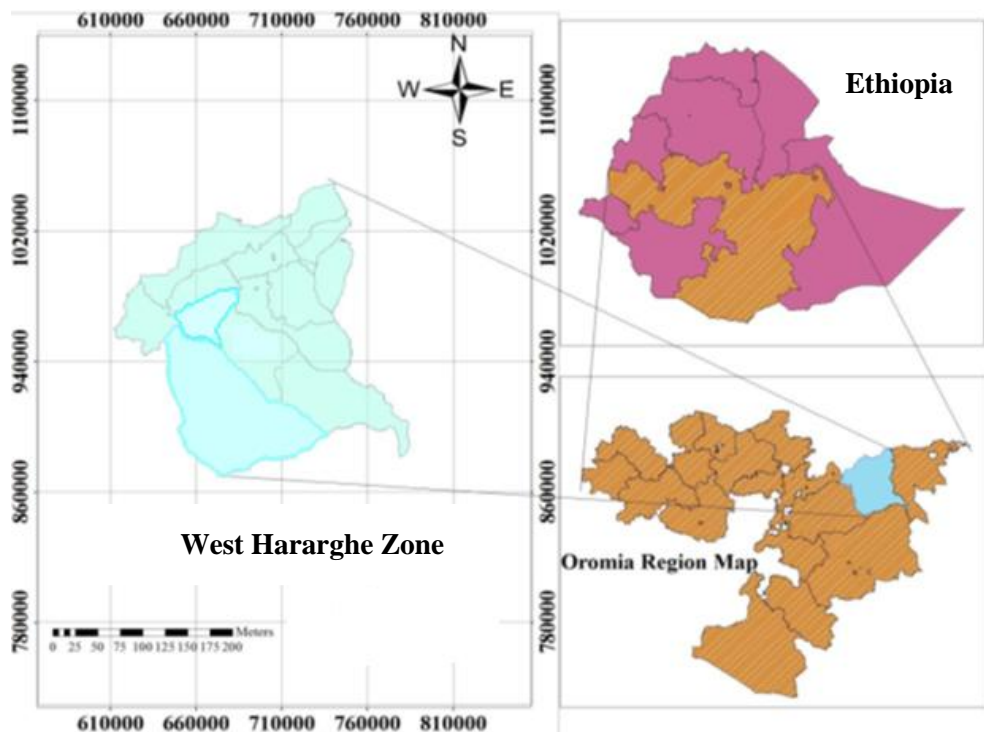


Figure 3.1: Map of the study area

Source: taken from Asfaw et al. (2017) design with modification

3.2. Source of Data and Sampling Techniques

To attain the stated objective, data was collected from primary sources. A cross sectional primary data was collected from selected respondents through questionnaire. The questionnaire was designed in such a way that it could help the investigators to dig out detailed information on respondent's demographic, social and economic characteristics.

This study was conducted at the individual level. According to the United Nations definition, the youth comprises of the age limit 15-24, for the purpose of this study the term youth has followed the Ethiopian context definition of those persons between the ages of 15 - 29 years. The sampling frame or the total population from which the required number of samples drawn is the total number of active labour force youths found at four towns of west Hararghe zone namely, Chiro, Mieso, Bedesa and Hirna towns. These four towns were selected purposefully due to greatest number of urban dwellers stayed there. According to west Hararghe zone administrative office (2019) statistical report, active urban youths in Chiro, Mieso, Bedesa and Hirna towns are 12,912, 11,924, 7,540, and 5,870 respectively which gives a total population of 38,246. In order to determine a representative sample size from the selected towns, the study has used a sample size determination formula provided by Yamane (1967) which is presented as:

$$n = \frac{N}{1 + N(e^2)}$$

Where, n is the representative sample size, N is the total population and e is the desired level of precision with 95% confidence level. Based on this, 396 representative sample respondents were selected. Moreover, the researchers applied the proportional probabilistic sampling technique and select 134 youths from Chiro town, 123 youths from Mieso town, 78 youths from Bedessa town and 61 youths from Hirna town.

3.3. Method of Data Analysis

This study has used quantitative method of data analysis technique. Econometric analysis method of binary logistic regression model was used for examining the relationship between urban youth unemployment and a set of explanatory variables since the dependent variable is dichotomous. For the analysis, Stata software version 14 has employed.

3.4. Model Specification

Since unemployment is a dichotomous variable, the binary logistic regression model has fit with the data under consideration. This model is explained as

$$\log(P(i)/1 - P(i)) = \ln(\text{odds}) = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + \dots + B_nX_n$$

The corresponding multiplicative model for the odds is: -

$$P(i)/1 - P(i) = \exp(B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + \dots + B_nX_n)$$

Where, P (i) is the probability that ith respondent is unemployed and (1-P (i)) is the probability that the ith respondent is employed at the time of the survey; B₀ is the value of the log odds ratio

where X_i 's (explanatory variables) are zero; $B_1, B_2, B_3, B_4 \dots B_n$ are the regression coefficients and the $X_1, X_2, X_3, X_4 \dots X_n$ are the set of independent variables. From the B_i 's the odds ratio is estimated as $\exp(B)$. The odds ratio is the factor through which the odds of unemployed change to a unit change in the i^{th} independent variables, by making the consequence of other variables as constant (Johnson and Wichern, 2007).

3.5. Description of Variables and Hypothesis

The dependent variable, urban youth unemployment, is dichotomous or dummy variable: where it represents “0” when the urban youth is employed and “1” when the urban youth is unemployed. In the context of this study, an individual is regarded as unemployed if he or she was not in paid employment or self-employment and has not worked for five or more hours for a wage or salary or for profit or family gain during the reference period (a week); or was available for paid employment or self-employment during the reference week; or took specific steps during the four weeks preceding the interview to find paid employment or self-employment but unable to get a job (Ehrenberg and Smith, 2012).

Based on the theoretical background and empirical results of various studies on urban youth unemployment carried out in different areas as discussed in the literature review part of this document, the variables presented in table 3.1 were hypothesized to influence youth unemployment status of urban dwellers in the study area.

Table 3.1: Summary of independent variable that may determine urban youth unemployment

explanatory Variables	Description	Value/category	References in the model	Expected sign
AGE	Age of the respondent	Continuous variable		-
GND	Gender of the respondent	1 = female, 0= male	Male	+
MIGST	Migration status of the respondent	1=non migrant, 0 = migrant,	Migrant	+
MARST	Marital status of the respondent	0 = unmarried, 1 =married	married	-
HLST	Respondent's health status	1= poor, 2 = good, 3= very good, 4 = Excellent	Excellent	-
FAMINC	The respondent's family income	Continuous variable		-
EDUL	Maximum school level completed	1 = illiterate, 2= Primary, 3= secondary, 4= diploma, 5= degree	Illiterate	+
WKEXP	Work experience	1= yes, 0 = no	experience	-

ACCR	Access to credit	1 = yes, 0 = no	Access	-
ACTR	Access to training	1 = yes, 0 = no	Access	-
CHTADD	Chat Addictiveness	1 = not addicted, 0 = addicted	Addicted	+
FAMSUPP	Family Support	1 = no get support 0 = get support	Get support	-

4. Results and Discussions

4.1. Demographic characteristics of sample respondents

This study is based on data obtained from four towns of west Hararghe zone namely Chiro, Meiso, Bedessa and Hirna. As shown in table 4.1, 33.84 percent of the respondents were from Chiro town; 31.06 percent from Meiso town, 19.69 percent Bedessa town and 15.41 percent of the respondents were from Hirna town.

Table 4.1: Town distribution of respondents

Town	Number	Percent
Chiro	134	33.84
Meiso	123	31.06
Bedessa	78	19.69
Hirna	61	15.41
Total	396	100

Source: Survey data, 2019

As presented in Table 4.2 among the respondent's 54.8 percent were male while the remaining 45.2 percent were female.

Table 4.2: Percentage distribution of respondents by sex

Sex	Number	Percent
Male	217	54.8
Female	179	45.2
Total	396	100

Source: survey data, 2019

The highest proportion of respondents were found in the age group of 20-24 (43.95 percent) and 25-29 (36.11 percent). The number of respondents in the age group 15 - 19 was 19.95 percent (table 4.3).

Table 4.3: Percentage Distribution of Respondents by Age

Age Category	Number	Percent
15 - 19	79	19.95
20 - 24	174	43.94
25 -29	143	36.11
Total	396	100

Source: Survey Data, 2019

As indicated in figure 4.1, 65.15 percent of respondents were never married; 31.82 percent of them were married, while 3.03 percent were divorced.

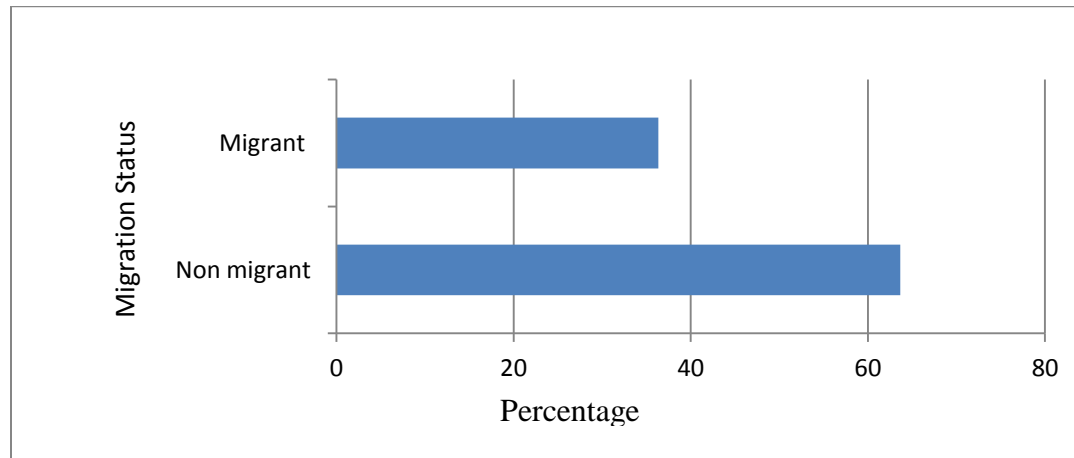
Figure 4.1: Percentage distribution of respondents by marital status



Source: Survey Data, 2019

Respondents were also asked about their migration status at the time of the survey. The response result which is presented in Figure 4.2 shows that 36.36 percent were migrants while 63.64 percent were non -migrants.

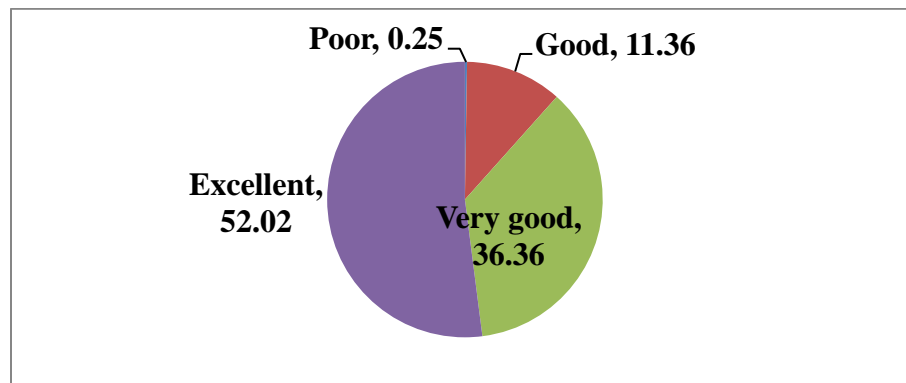
Figure 4.2: Percentage distribution of respondents by migration status



Source: Survey data, 2019

As displayed in figure 4.3, Majority of the respondents (52.02 percent) were found in an excellent health status followed by respondents having very good health status (36.36 percent). Only 11.36 percent and 0.25 percent of the respondents have good and poor health status respectively.

Figure 4.3: Percentage Distribution of Respondents Based on their Health Status



Source: Survey data, 2019

4.2. Employment status and socioeconomic characteristics of sample respondents

Based on the collected data individuals are categorized into employed and unemployed. Based on CSA experience, this study regarded youths as unemployed if their age is between 15 to 29 years, and had no job but willing to work under the existing conditions. Accordingly, as shown

in table 4.4, it is found that 65.91 percent of total respondents were unemployed where as 34.09 percent of them were employed.

Table 4.4: Employment - unemployment status of respondents

Category	Frequency	Percent
Unemployed	261	65.91
Employed	135	34.09
Total	396	100

Source: survey data, 2019

Table 4.5 revealed that 28.03 percent of the respondents have secondary level of education followed by 25 percent who have a diploma certificate and degree holders of 22.47 percent. The Pearson Chi-square test found that there is a statistically significant difference in terms of their employment- unemployment status among different categories of educational level. The more they educated, the more they become employed. More specifically, unemployment rate is high for those whose education level lies at primary, secondary and diploma level. This result is in line with the findings of Asalfew (2011) but in contradiction with the result of Aynalem (2018). Asalfew (2011) has found a significant negative association between educational level and youth unemployment. However, according to the result of Aynalem (2018), unemployment is high for those whose education level lies at higher education ladder.

From the total sample respondents, 53.28 percent of respondents have no any work experience while 46.72 percent have work experience. As far as the relationship between work experience and youth employment status is concerned, the percentage of unemployment was higher for respondents who have no work experience (63.98 percent) as compared to those who have work experience (36.02 percent). The statistical test of association between work experience and employment – unemployment status was significant at 1 percent level. This result is in agreement with the findings of Bacha (2014). According to the result of this researcher, the percentage of unemployment was higher among those respondents who had no work experience when compared with those who had work experience.

Chewing chat is the common norm of the society who lives in West Hararghe zone. In this survey 40.66 percent of respondents have the habit of chat chewing while 59.34 percent of them did not have a habit of chewing chat. 39.46 percent of unemployed youths have addicted in chewing chat and 60.54 percent of unemployed were not addicted. Regarding to employment status, 42.96 percent of chat addicted youths have employment as compared to 57.04% of youths who have not addicted. From this, one can understand that those youths who have not addicted in chewing chat have a high probability of getting employment as compared to the addicted ones. However, the chi – square test result revealed the absence of significant association between chewing chat and employment – unemployment status.

Table 4.5: Socio economic characteristics of respondents and their association with employment status

No.	Variables	Category	Unemployed		Employed		Total		X ²
			No.	%	No	%	No.	%	
1	Educational level	Illiterate	2	0.77	8	5.93	10	2.53	28.2363 (0.000)***
		Primary	49	18.77	38	28.15	87	21.97	
		Secondary	89	34.10	22	16.30	111	28.03	
		Diploma	71	27.20	28	20.74	99	25.00	
		Degree	50	19.16	39	28.89	89	22.47	
2	Work experience	No experience	167	63.98	44	32.59	211	53.28	35.2254 (0.000)***
		Have experience	94	36.02	91	67.41	185	46.72	
3	Chat addictiveness	Addicted	103	39.46	58	42.96	161	40.66	0.4516 (0.502)
		Not addicted	158	60.54	77	57.04	235	59.34	
4	Access to training	Access	46	17.62	61	45.19	107	27.02	34.2742 (0.000)***
		No access	215	82.38	74	54.81	289	72.98	
5	Access to credit	Access	9	3.45	13	9.63	22	5.56	6.4795 (0.011)**
		No access	252	96.55	122	90.37	374	94.44	
6	Monthly family income	Less than 1000	105	40.23	22	16.30	127	32.07	76.3877 (0.000)***
		2000 – 3000	101	38.70	31	22.96	132	33.33	
		3000 - 4000	29	11.11	29	21.48	58	14.65	
		4000 - 5000	9	3.45	9	6.67	18	4.55	
		5000- 6000	2	0.77	21	15.56	23	5.81	
		More than 6000	15	5.75	23	17.04	38	9.60	

Source: own computation based on survey day, 2019

Table 4.5 shows the majority of respondents (72.98 percent) have not access for training and the remaining 27.02 percent have an access for training. Training has a significant impact on the unemployment and employment status of the youth. The univariate analysis revealed that, 82.38 percent of unemployed respondents are those who didn't get training access. In concern of access to credit, 94.44 percent of the respondents didn't have an access for credit and little of them (5.56 percent) have an access for it. 96.55 percent were unemployed from those who did not get credit access.

Respondents were also asked regarding their family income level. 33.33 percent of respondent's family income is found in between birr 2000 – 3000 and 32.07 percent of respondent's family income is below birr 1000. This is an indication that the majority of respondents were from low income families. The difference in the level of family income has a significant association with the employment – unemployment status of the youths at 1 percent level of significance. This

finding supports the result of Amanuel (2016). His study revealed that wealth index of the family has a strong association with employment – unemployment status at 1 percent level of significance.

4.3. Econometric results

This sub-section presented findings on the main determinants of urban youth unemployment in west Hararghe zone. Before estimating the chance of the event using logistic regression model, goodness of fit of the model, multicollinearity and heteroscedasticity diagnosis tests were made.

Hosmer and Lemshow test were applied to assess the goodness of fit of a model. This test is used to accept or reject the alternative hypothesis which says “the model adequately describes the data”. If the significance level of the test is less than 0.05, we will reject the alternative hypothesis and the null hypothesis which states the inadequacy of the model to describe the data is accepted. In case of this study, the value of Hosmer and Lemeshow statistic has a p – value of 0.2522 (appendix 1). This shows that there is no significant difference between the observed and predicted model values and hence the model fits the data well.

Multicollinearity in logistic regression is a result of strong interrelation among the independent variables. To evaluate multicollinearity effect in the model, the pair wise correlation matrix was used. The result of pair wise correlation matrix shows that there was no strong association between the explanatory variables (appendix 2). Hence, problem of multicollinearity is not a treat for estimating of the results of the dependent variable based on the independent variables. To avoid the effect of heteroscedasticity, robust logistic regression was employed since it compromises the effect of heteroscedasticity even if it exists initially.

After conducting all the diagnostic tests, we have identified the main demographic and socio-economic determinants of urban youth unemployment in the study area. As mentioned earlier, logistic regression model was selected to identify the determinists of urban youth unemployment. Application of logistic model in this study is based on the dependent variable (youth unemployment) which is coded as 0 if the respondent is employed and a value of 1 if the respondent is unemployed. In the model, a total of 12 variables that may affect urban youth unemployment were considered. Out of them 8 of the variables were found as significant variables in determining urban youth unemployment. However, it was found that 4 of them (gender, age, chat addictiveness, and access to credit) are statistically insignificant.

The regression results for the model are briefly presented in table 4.6. The “p>z” column indicates the significance (p-value) of each variable. On the other hand, Exp (B) is represented by odds ratio column. If the value of the odds ratio Exp (B) is greater than 1, the chance of unemployment is higher for a member of the group in relation to the reference category. In contrary to this, an odds ratio of less than 1 indicates lower chance of unemployment in relation to the reference category. We have discussed the relationship and the magnitude of influence of significant variables briefly as follow.

Migration Status

As the regression result indicated, being non migrant was directly related to unemployment. The chance of unemployment is higher for non – migrant as compared to migrant by the odds ratio of 1.99 with significant level of $p < 0.05$. Non migrants have an inclination for choosing the type of job, job security, and level of salary before joining the labour market. In the study area, most of the time migrant youths are those who come from rural areas mainly for search of a job. Since they have no choice for their livelihood once they come in to towns, they will join the labour market without any hesitation. This could be the possible reason for the positive relationship between being non migrant and unemployment. This result is similar to the findings of Tegegn (2011) but different from the result obtained by Aynalem (2018).

Marital status

This study finds out that marital status significantly determines youth unemployment at 5% level of significance. When an individual gets married, burden of his family livelihood forces him/her to strongly search a job in order to secure more finance. Unlike single youths, married youths are less likely to be choosy and to wait for the desired better job. The estimated regression result also implies that the likelihood of being unemployed for married youths were 0.49 times lower as compared with single youths. According to this finding, youths should be willing to take family responsibility to come out from the problem of unemployment. The result of this study is in agreement with the findings of Tegegn (2011), Bacha (2014), and Nganwa *et, al.*, (2015).

Health status

The association between unemployment and health status was also observed in our logistic model. Youths with excellent health status have good physical and mental ability for any type of work and can spend large effort in search of job as compared to youths with poor health status. This study revealed that the likelihood of being unemployed is lower for those youths who have excellent health status as compared to the reference category (youths having poor health status) with odds ratio of 0.33. The regression coefficient between health status and youth unemployment was statistically significant at 1% level. This result is consistent with the findings of Dejen *et, al.*, (2016).

Family Support

Family support is one of the important factors that best describe the position of individuals in the labour market. At the lower ages of 15 – 29, most individuals did not have enough idea and finance to start up their own work. As a result, they need to get support from their family in the process of job creation. This study uncovered that the chance of being unemployed for those youths who did not get their family support is higher as compared to youths who get support from their families by odds ratio of 2.52. This means, those youths who get family support are less likely to be unemployed as compared to youths who did not get family support. The association between family support and unemployment status was statistically significant at 5% level of significance.

Education level

For the purpose of this study, educational levels of youths were categorized into five groups and from the five, four educational dummies are included in the model. The first dummy represents the primary level of education ranging from grade 1-8, the second dummy is for secondary education ranging from grade 9-12. Educational level of diploma and degree represented the third and fourth dummy respectively. The reference dummy was represented by the illiterate category.

In contrary to the researchers' expectation, findings of the study revealed that those youths who have higher level of education have highly exposed for the problem of unemployment as compared to illiterate youths. Even though there is no significant relationship between primary level of education and urban youth unemployment, educational dummies of secondary education, diploma and degree were found to have direct relationship with urban youth unemployment and their relationship is statistically significant at 5%, 5% and 10% level of significance respectively. The likelihood of being unemployed was 9.34 times higher for youths in the secondary education category as compared to those of illiterate. Moreover, youths with diploma and degree level of education have exposed to the problem of unemployment as compared to the illiterate one with odds ratio of 7.6 and 6.3 respectively.

The probable reason for this contradictory finding with our hypothesis could be that, those youths with secondary, diploma and degree level of education consider themselves as educated and as such they tend to look down on self-employment in micro enterprise and choose to wait for white collar jobs, which are hard to find. The other probable reason could be the mismatch between the type of education provided at secondary, diploma and degree levels with the economic activity in the study area. The finding of this research is similar with the earlier studies of Nganwa *et al.*, (2015), and Aynalem and Mulugeta (2018). Yangchen (2017) also found that the more the youths having bachelor degree and higher qualification, the more probability that they will be unemployed.

Table 4.6: Logistic regression results

Log pseudo likelihood = -158.76811

Number of obs = 396
 Wald chi2 (20) = 109.82
 Prob > chi2 = 0.0000
 Pseudo R2 = 0.3751

Variables	Category	Odds Ratio	Robust Std. Error	Z	P > Z	95% Conf. Interval	
						Lower	Upper
Gender	Female	1.279912	.4172466	0.76	0.449	.6756025	2.424759
	Male (RC)						
Age	-	.9968455	.0512201	-0.06	0.951	.9013455	1.102464
Migration Status	Non migrant	1.99927	.6850299	2.02	0.043**	1.021447	3.913156
	Migrant (RC)						
Marital status	Married	.4968513	.1660485	-2.09	0.036**	.2580795	.9565317
	Divorced	.2807116	.2204462	-1.62	0.106	.0602284	1.308336
	Single (RC)						
Health Status	Excellent	.3298149	.1041846	-3.51	0.000***	.1775766	.6125687
	Poor (RC)						
Family Support	Not get support	2.524465	1.092013	2.14	0.032**	1.081343	5.89353
	Get support (RC)						
Educational level	Primary	2.827461	3.06101	0.96	0.337	.3387548	23.59976
	Secondary	9.345903	10.188	2.05	0.040**	1.103375	79.16246
	Diploma	7.623378	8.214592	1.89	0.059*	.922429	63.00311
	Degree	6.353094	7.024808	1.67	0.094*	.7274213	55.48614
	Illiterate (RC)						
Chat addictiveness	Not addicted	1.018116	.3370021	0.05	0.957	.5321631	1.947824
	Addicted (RC)						
Access to training	Have access	.4351275	.14717	-2.46	0.014**	.224244	.8443301
	No access (RC)						
Access to credit	Have access	.8316399	.4608369	-0.33	0.739	.2807105	2.463837
	No access (RC)						
Work experience	Have experience	.2075527	.0703567	-4.64	0.000***	.1068037	.4033393
	No experience (RC)						
Monthly family income	2000 – 3000birr	.5643559	.2188268	-1.48	0.140	.2639386	1.206711
	3000 – 4000 birr	.09056	.0436725	-4.98	0.000***	.0351921	.2330387
	4000 – 5000 birr	.2807317	.1561163	-2.28	0.022**	.0943917	.8349279
	5000 – 6000 birr	.0202023	.0177068	-4.45	0.000***	.0036253	.1125795
	> 6000 birr	.1193169	.0704395	-3.60	0.000***	.0375137	.3795021
	< 1000 birr (RC)						
Constant	-	96.35292	197.1624	2.23	0.026**	1.74619	5316.652

Source: Stata output based on survey data, 2019

Note: ***, ** and * represents the coefficients are statistically significant at 1, 5 and 10 percent level respectively.

The response variable is urban youth unemployment

RC represents Reference Category

Access for training

Training has the capacity of increasing practical knowledge in any field of economic activity. In this research, training was found to be one main determinants of youth unemployment at 5% level of significance. As expected, there was found to have negative impact on youth unemployment. Those youths who have get access for training have lower chance of being unemployed than youths who did not get training at all with odds ratio of 0.43. Hence, training plays a pivotal role in youth employment status. This result collaborate the findings presented in a study by Wubante (2015), Dagume and Gyekye (2016).

Work experience

In line with the prior expectation of the researchers, work experience affects youth unemployment negatively at 1% level of significance. The result indicates that, provided all other variables held constant, the odds of a youth with work experience being unemployed are about 0.2 times lower than those youths who have no any work experience. It means that lack of work experience increases the chance of being unemployed. This result is consistent to the findings of Dagume and Gyekye (2016) who found that a youth who has some work experience is less likely to be unemployed, compared to a youth without job experience.

Monthly Family income

In this study we have seen the effect of family income on youth unemployment by categorizing it into six folds. Those youths who have family with monthly income level between 2000 -3000 birr represent the first dummy, the second and third dummy is represented by youths whose family income is between 3000 – 4000 birr and 4000 – 5000 birr respectively. The family income level of 5000-6000 represent the fourth dummy and the fifth dummy is represented by those youths who have family income level of above 6000 birr. The reference category in the model is represented by dummy consisting of those youths who have family monthly income level of less than 1000 birr. Each level of family income for youths has a negative significant impact on urban youth unemployment except family income levels in the first category. Youths whose monthly family income found between 3000 – 4000 birr have low likelihood of being unemployed than those youths whose monthly family income is below 1000 birr with odds ratio of 0.09 and is statistically significant ($p=0.000$).

Similarly, youths whose family having income level between 4000-5000 and 5000-6000 birr have also less likely to be unemployed as compared to those youths whose family have income level of less than 1000 birr with odds ratio of 0.28 and 0.02 respectively. This relationship is statistically significant at 5% and 1% level of significance. Moreover, the sample odds of youths with family income level of more than 6000 being unemployed were 0.119 times lower than

those of youths whose family income level is below 1000 birr. This is an indication that the risk of being unemployed for youths is inversely related with family wealth. Indeed, the result is in line with prior expectation and supported by earlier related study of Amanuel (2016), who investigate that those youths whose family is poor are 30.1% more likely unemployed compared to those whose family are medium and above.

5. Summary, Conclusions and Policy Recommendations

5.1. Summary and Conclusions

Unemployment is one of the challenging socioeconomic problems of youths in urban area. The aim of this study was to investigate the demographic and socioeconomic determinants of urban youth unemployment in west Hararghe zone of Oromia national regional state. To achieve its objective logistic regression model were employed. In the logistic regression model, unemployment status of urban youths was taken as a dependent variable and 12 explanatory variables were included. From these explanatory variables eight of them namely, migration status, marital status, health status, family support, educational level, access to training, work experience and monthly family income were found as significant variables in determining urban youth unemployment. Whereas, gender, age, chat addictiveness and access to credit were found as insignificant.

The results showed that the chance of unemployment is higher for non – migrant as compared to migrant. On the other hand, the likelihood of being unemployed for married youths were lower as compared with single youths; and the likelihood of being unemployed is lower for those youths who have excellent health status as compared to youths with poor health status. Furthermore, the chance of being unemployed for those youths who did not get their family support is higher as compared to youths who get support from their families.

With regard to youth educational level, the study revealed that those youths who have higher level of education have exposed for the problem of unemployment as compared to illiterate youths. The findings further identify the importance of training and work experience in reducing urban youth unemployment. Those youths who have get access for training have lower chance of being unemployed than youths who did not get training; and the odds of youths with work experience being unemployed are lower than those youths who have no any work experience. Concerning monthly family income of respondents, those youths whose family monthly income is higher were less likely to be unemployed than those youths whose family income is lower. The risk of being unemployed for youths is inversely related with family income.

5.2. Policy Recommendations

On the basis of the findings, the following policy recommendations were forwarded.

- Evidence from this study suggests that non migrant youths are more exposed to the problem of unemployment as compared to migrant youths since they have an inclination of choosing job type, job security and level of salary before joining the labour market. In

this regard, more integrated effort needs to be exerted for changing their attitude towards job choice.

- It is observed that married youths are less likely to be unemployed than single youths because of their family responsibility forced them to become less choosy on the type of job. Youths are not only responsible for their family but also are responsible for their country. Hence, it is essential to provide awareness for single youths on the future responsibility they will hold and stakeholders should ease job entry obstacles so as to let them start work on their early ages.
- Youths with excellent health status are less exposed to unemployment problem. This finding attests to the importance of health service provision. Therefore, the government should give special attention for health sector in order to increase the mental and physical ability of youths towards their work.
- It is clear from the study that the prevalence of family support has negative impact on youth unemployment. Therefore, it is better for families and relatives to provide material and emotional support for youths so as to make them free from unemployment problem.
- The study found that education is not a precondition for youth's employment since illiterate youths are more employed than educated youths in the area. This result deserves special attention from policy makers. Measures which only focused upon increasing levels of education would not address the problems that youths are facing if the economy and the labour market are not able to provide job opportunities for educated youths. Focusing on education without paying attention to the employment opportunities at large may open up further challenges. Therefore, there is a need to expand the capacity of the economy and employment opportunities in the area to absorb the educated youths.
- Training and skill development play fundamental role for minimizing urban youth unemployment. Therefore, Capacitating youths through different short term and long-term training is important. Stakeholders should establish vocational training institutions where the youth can acquire skills in various activities like wood and metal work, beauty salon, tailoring and other entrepreneurial skills.
- It is found that youths which have no work experience were more unemployed. Thus, intervention is required to include more jobs for un-experienced youths by hiring institutions such as private organizations, government offices and non-governmental organizations. Incentives to encourage employers to work with un- experienced youths might be beneficial for capacitating youths work experience.
- Furthermore, the study recommended that the concerned bodies should try to improve the living conditions of urban households since youths from high income families are less likely to be unemployed than youths from poor families.

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Appendix

Appendix 1: Hosmer – Lemshow goodness of fit test result

Number of observations	Number of groups	Chi – Square	P – value
396	10	10.19	0.2522

Appendix 2: Pair wise correlation test result

	GEN	AGE	MIGS	MARS	HEALTHS	FAMSP	EDUL
GEN	1.0000						
AGE	-0.1337	1.0000					
MIGS	-0.0307	-0.1576	1.0000				
MARS	0.1050	0.4028	-0.0991	1.0000			
HEALTHS	-0.1159	0.0640	0.0288	0.0928	1.0000		
FAMSP	-0.0808	0.0506	-0.3385	-0.1546	-0.2615	1.0000	
EDUL	-0.1515	0.3882	-0.1397	0.1487	-0.1002	0.1054	1.0000
CHADD	0.3489	-0.3172	0.0049	0.0132	0.0418	-0.0785	-0.1083
ACTR	-0.0727	0.2884	0.0344	0.1460	0.0658	-0.1218	0.2812
ACCR	0.0012	0.1709	0.0000	0.1219	-0.0132	-0.0612	0.0346
WEXP	-0.0063	0.1421	0.0976	0.1963	0.0999	-0.2156	-0.0019
MFI	0.0323	0.1476	-0.0055	0.0611	0.1142	-0.0971	-0.0038
	CHADD	ACT	ACCR	WEXP	MIF		
CHADD	1.0000						
ACT	-0.0752	1.0000					
ACCR	-0.0461	0.1503	1.0000				
WEXP	0.0022	0.3193	0.1927	1.0000			
MFI	-0.0214	0.1920	0.0809	-0.0059	1.0000		