INNOVATIONS

Determinants of Urban Unemployment and Its Consequence in Ethiopia

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Abstract

This study aims to identify of Determinants Urban Unemployment and Its Consequence in selected urban towns of north Shoa Zone oromia Region. Identifying determinants is important for policy makers at zone level and serves as an input at national level. This study used descriptive, inferential and econometric analysis. Binary logistic model is used for econometric part. The data that is collected from 399 respondents in Oromia region north Shoa Zone from selected town. Based on the result logistic regression availability of the job, work experience, father education, educational level, and age affects employment status significantly and positively whereas marital status, household income affects negatively employment status of the respondents in the study rea. The study recommend concerned body should promote resources available for investors and participate in social activities to really understand the society problem and giving a solution, practicing non-agricultural activities in urban areas to overcome urban unemployment, focus on the provision of infrastructure especially on education Improvement, the experience form short training, and on job training which makes them to change their attitude and Informing the residents on how to use household income for productive purposes that would reduce urban unemployment and promoting resources to the investors.

Key words: 1.urban unemployment 2. North Shoa 3.Determinants 4. Binary logistic

JEL classification: C21, C10, R23

1. Introduction

Unemployment is the primary hassle the sector faces today. A lot of nations at various stages of improvement are looking to cope with this hassle. Unemployment is one of the signs which have been used to degree the quantity of unutilized human aid within side the economic system at a given vicinity or vicinity in a positive duration of time. International Labor Organization (1992) defines that unemployment is the state of affairs of being out of labor or want a task and constantly looking for it within side the ultimate 4 week or unemployed (age sixteen or above) however, to be had to sign up for work within side the subsequent weeks. Those People who're voluntarily do now no longer need to work, complete time students, retired human beings and youngsters aren't any covered in unemployed class consistent with this definition.

Unemployment is a problem for both developed and developing countries, however, the impact and intensity might differ among nations and It gets global attention to reduce its impact on economic development, even if the effect differs among nations (Kassa, 2012). Especially in a current situation where pandemic outbreak occurs unemployment would rise significantly in low, high and medium income countries for instance, in OECD unemployment rate rose to 5.6% in March 2020 (up from 5.2% in February 2020), reflecting the impact of the Covid-19 pandemic, while early data for April signal an unprecedented increase which most constitutes is women and young people (OECD, 2020). This shows unemployment is the main problem for a country which needs a critical action to curb it.

Ethiopia aims to reach lower-middle-income status by 2025 by adopting ADLI strategies. However, the country is one of the poorest, with a per capita income of USD790 (World Bank, 2018). Lately, the country has been achieving a promising broad-based growth averaging 9.9% a year from 2007/08 to 2017/18, compared to a regional average of 5.4% (WB, 2018). In spite of such progresses, idleness is high and is one of the socio economic difficulties in the country.[1] The general unemployment rate was 19.1 % in 2009. It was higher for females at 26.4% compared to males which stood at 12.2%, whereas general unemployment rate of youth in urban towns is 25.3 % here also it is higher for female which is 30.9% and for male is 18.6%(CSA, 2018). As the report shows urban unemployment needs attention by identifying factors that determine unemployment in urban areas.

The economy of Ethiopia is growing however unemployment is raising particularly urban unemployment and the problem is higher among youth, many Ethiopian youth are migrating to Middle East and European countries for employment (Kemal, 2020) As of the report Central Statistical agency (2018) shows from the region of Ethiopia Oromia regional state contribute the largest share of unemployment population to total urban areas of the country with 18 unemployment rate and Benishangul Gumuz region 10.7 lowest unemployment rate, this implies that the share of unemployment rate to the country total go along with the population size of urban areas of each regions. According to North Shoa Zone planning and economic development office (2020) Unemployment and low provision of basic infrastructure are problem in urban area of North Shoa Zone due to this it is clear that urban unemployment is main problem in North Shoa Zone in the study area which requires investigation of determinants of urban unemployment and its impact on socio economic development of the society in relation with food security.

However despite theoretical justification for the determinants of urban unemployment and its impacts on socio economic development have been conducted in urban towns of Ethiopia for instance (Shita and Dereje, 2018) identify and examine the factors which determine urban youth unemployment in East Gojjam zone, Ethiopia, his findings shows age, work experience, skill match, social network, and family prosperity and migration status were found to be significant determinants of urban youth unemployment in the area. Duguma and Tolcha (2019) determinants of urban youth unemployment the case of Guder town, western Shoa zone by using primary data and the result of the binary logit models shows that Sex, educational level, marital status, skill match and access to credit use were found significant determinant to urban youth unemployment in the study area based on these we can infer that urban unemployment among urban towns are different among towns based on individuals characteristics, institutions, culture, and other factors in addition it can have dynamic nature which needs to be investigated through research and , identification of thosedeterminants of unemployment and its paths is very important to formulate proper employment related policy that helps to reduce

unemployment rate for the country as general and for the studyarea particularly in North Shoa Zone oromia regional state.

2. Literature review

2.1 Theoretical bases of unemployment

Theoretical perspectives and economic literature explains unemployment from different angles. For instance, neoclassical economist sees it as a voluntary because the labor market is believed to be permanently in equilibrium based on the assumption of flexible wages and perfect market information Boateng (2016). The causes of unemployment are different among economists for instance according to Keynesian economist's unemployment occurs when there is no enough aggregate demand and economy fail to provide jobs for everyone who wants to work. This is due to real wages rigidities result in low output and high unemployment this cause unemployment according to Mankiw (2002). In addition, according to neoclassical framework is structural unemployment is created by a mismatch between demand for labor and the skills of jobseekers whereas Frictional unemployment caused by lack of labor market information, increasing the time that jobseekers take to locate and move into a new job and the time and resources that employers take to identify and recruit suitable workers to fill vacancies failure to obtain the relevant information (Phelps, 1970).

Philips curve (Phillips, 1958) and Okun's law (Okun, 1962) provide the basic theoretical connections between unemployment and macroeconomic variables. As Philips curve shows an inverse relationship between the growth rate of wages and unemployment rate in Britain and it is accepted inflation-unemployment tradeoff since price increases were highly correlated with wage increases, Correspondingly, Okun's (1962) work, which formed the theoretical basis for the demand side explanation to unemployment, studied the adjustment of real gross national product in response to unemployment variations. His findings showed that real gross national product variations and unemployment changes have an inverse relationship, and that any percentage change in unemployment exceeding four percent was associated with an approximately three percent fall in real GDP. In addition, Okun when natural rate of unemployment below unemployment rate is directly related to gross national product gap.

2.2 Causes of Unemployment in Developed and Developing Countries

There are different causes of unemployment in developed and developing countries. Macroeconomic and microeconomic factors determine unemployment status in the countries. As The study by Abugamea (2018) analyzes the determinants of unemployment in Palestine over the period 1994-2017 by using OLS econometric analysis that examine the relationship between macroeconomic variables and unemployment, based on his result GDP affect unemployment significantly with a negative effect whereas inflation, labor force and restrictions on labor movement affect unemployment significantly and positively.

A study by Siddiqa (2021) on macroeconomic determinants of unemployment in developing countries. The study used Generalized Method of Moments (GMM) and based on the result GDP, inflation, remittances, exchange rate, and expenditure on education has a negative impact on unemployment whereas population and external debt has a positive effect on unemployment. the

study Recommended population control, reducing budget deficit, controlling inflation rate, and raise GDP.

Mukisa et al (2020) study examines the macroeconomic determinants of unemployment using panel data approaches. The study used annual data for the period 1996 to 2017. The study estimated the random effects and fixed effects models. The study reveals that unemployment in the East African Community is likely to diminish with sustained economic growth, increased supply and access to private sector credit whereas increased trade openness and gross national expenditure are likely to worsen the unemployment problem.

The study by Sam(2016) identified economic determinants of youth unemployment in Kenya using macroeconomic data from 1979 to 2012. The study used times series Auto Regressive Distributed Lag model (ARDL) to test a long run relationship among economic variables. The result reveals that population growth, foreign direct investment, increase in previous youth unemployment rate reduces current unemployment rate whereas, gross domestic product affect youth unemployment rate negatively. In addition, the study confirms the long run relationship among major economic variables.

2.3 Micro level determinants of unemployment

Alawadet al,. (2020) studied and analyzed the determinants of youth unemployment in Jordan by using Multinomial logistic regression model using data based on the Jordan labor market panel survey (JLMPS) in 2016 and the study reveals that youth employment in Jordan is determined by gender, educational level, geographical location, and marital status.

In Ethiopia different studies have been conducted on unemployment this section presents studies conducted in different region of Ethiopia. For instance, Shita and Dereje (2018) Determinants Of Urban Youth Unemployment; Evidence From East Gojjam Zone, Ethiopia by using primary data and binary logistic regression based on their result the study shows that age, work experience, skill match, social network and family prosperity are identified as negative and significant determinants of urban youth unemployment, education and migration status of urban youths affected unemployment positively and significantly.

Jote (2019) examined Demographic and Socio-economic Correlates of Youth Unemployment in Ambo Town, Oromia National Regional State. The study used Primary data. Descriptive analysis and binary logistic regression model were used to analyze the data. Based on the findings of the study sex, age, marital status, migration, income status of the Household, fathers education, mothers education, work experience, services significantly determine youth employment in Ambo Town. Educational level, job preference, and access to social network density were found insignificantly related to youth employment.

Dejene et al., (2016) assess the determinants of youth unemployment at Ambo, Ethiopia. Their result indicated that among the demographic variables, age of the respondents and migration status were significantly related to youth unemployment whereas marital status of the respondents was not significant. From the human capital variables included in the model, education and health status of the respondents were significantly related to youth unemployment, whereas participation in employment related trainings was not statistically significant. Among the economic determinants, household income, access to credit and saving services and work experience were significant.

As these reviews shows in theoretical and empirical literature urban unemployment is determined by different factor like macroeconomic variables, and micro economic variables. However almost those study are more concentrated on youth unemployment in urban town of Ethiopia and not many of

them focused on general unemployment which requires identifying factors that determine urban unemployment in the study area.

3. Materials and methods

3.1 Study area description.

North Shewa is one of the Zones of the Ethiopian Region of Oromia. North Shewa takes its name from the kingdom or former province of Shewa. North Shewa is bordered on the south by Oromia Special Zone Surrounding Addis Ababa, on the southwest by West Shewa, on the north by the Amhara Region, and on the southeast by East Shewa. It has 13 Woreda, total area approximately 8,989 square kilometers and located at a distance of 112 km in north of Addis Ababa. According to CSA population 2018 population projection has total population of 1,639,587 residents and among these 820,595 is male and 818,992 are female (North Shoa Administration office, 2020).

3.2 Research design

This study applies both qualitative and quantitative research approaches. The quantitative approach involves the generation of data in quantitative form. The target population is those who are economically active age group was participated.

3.3 Sample size and sample technique

To attain the stated objectives, a cross sectional data was collected from selected respondents in the study area through structured questionnaire. The study used primary data that was collected from urban residents that are economically active age group. Multistage sampling and purposive sampling technique is used. At first stage we select towns by using Purposive sampling technique. Accordingly, Fitchee town, Mukaturi town, KareGoha town, Fittal town and Garba Guracha town is selected based on the population of urban residents in these town. Total urban population live these five town are 255,009 populations. Yemane (1967) formula is used to determine desired sample sizes.

$$n= \frac{N}{1+N(e)^2} \qquad n=\frac{255009}{1+255009(0.05)^2}$$

n= is number of respondents

N = population size

e = sampling error/level of precision

n= 399 (economically active age group urban residents is used as sample unit)The determined sample size is proportionally distributed for each urban town in the study area.

Table 1 sample size from each town

No	Name of town	No urban population	Sample size
1	Gabraguracha	60791	95
2	KareGohaa	27432	43
3	Fital	38000	59
4	Fichee	77394	122
5	Mukaturii	51392	80

Source: North Shoa Zone urban development office, 2020

Then finally from each town of residents from each urban town individual was selected by using simple random sampling for the study area.

3.4 Data Sources and method data collection

The study used primary data that was collected through structured questionnaires. The questionnaires were designed and formulated to collect information about socioeconomic and demographic determinants of urban unemployment from sampled urban unemployment status of the respondents. In addition, secondary data was obtained from records of administrative offices, publications, journals, books and other sources related to this study was used to develop the analysis.

3.5 Method of data analysis

To address the objectives of the study and to analyze the data, both descriptive statistics, inferential statistics and Econometric Methods were used. Econometrics analysis was used to analyze determinants urban unemployment by using binary logistic regression in the study area.

3.5.1 Econometric analysis

Determinants urban unemployment was estimated by using binary logistic model that was carried out by STATA software. Due to the nature of dependent variable binary logistic regression was used and it is appropriate (Gujarati, 2004).The outputs of Probit and logit models are usually similar. Even though their outputs are similar the logit model is easier in estimation. It is also appropriate to express the probability of growing and to identify determinants urban unemployment in the study area. Due to this fact, selecting binary logit model is thought to be appropriate for this study.

3.6 Econometric model specification

3.6.1 Binary logistic Model Specification

Unemployment status of urban dependent variable of the model that is dummy variable that take value 0 = if urban youth is employed and 1= if urban respondent isemployed. The response variable is dichotomous. If the ith individual is employed, the response variable (Yi) takes the value 1 otherwise it takes the value 0. The main variable of interest is unemployment, a latent variable, where the individual may be classified as either employed or unemployed.

Y= 1, if the ith person is employed

0, unemployed

Gujarati (2004) the logistic model would be written in terms of the odds ratio and log of odds ratio, which enable one to understand the interpretation of the coefficients. In this study, the odds ratio is the ratio of the probability that the will be employed (Pi) to the probability that he/she will be unemployed (1-Pi). $pi = f(zi) = f(a + Bixi)$

$$= \frac{1}{1+1e^{-(a+Bixi)}}$$

Since, $f(zi) = f(a + Bixi)$ the above formula can be rewrite as shown below for easily understanding

$$1\text{-pi}=\frac{1}{1+e^{Zi}}, \quad \text{pi}=\frac{e^{Zi}}{1+e^{zi}}$$

$$(\frac{pi}{1-pi})= e^{Zi} \text{ where Zi}= \beta o + \sum_{i=1}^{k} \beta i\, x_i + \varepsilon i$$

$$\text{Ln}(\frac{pi}{1-pi})=\beta_0+\beta_1 age + \beta_2 age2 + \beta_3 gen + \beta_4 mgs+\beta_5 edus + \beta_6 hhi + \beta_7 snd + \beta_8 me + \beta_9 fe + \beta_{10} Exp + \beta_{11} Acrd + \beta_{12} Ainfo + \beta_{13} Ajob + \varepsilon i$$

Description of the variables

Variables	Description	Variable type and Value	Expected sign
Employment status	Employment status of the respondent	Dummy variable, 1 if employed, 0 otherwise.	Dependent variable
Age of respondent(age)	Age of respondent	Continuous, amount in number	Positive
Age square(age2)	Respondent age square	Continuous, amount in number	Negative
Gender (gen).	Gender of the respondents	Dummy variable, 1 for male and 0 female	Positive/negative
Availability of job(Ajob)	Availability of job in their town.	Dummy variable, 1 if there is available job and 0 otherwise	Positive
Migration status (mgs)	Migration status of the respondents	Dummy variable, 1 if migrant, 0 otherwise.	Positive/negative
Educational status (edus)	Categories of education attained by respondent.	Categorical, 1 if illiterate 2, primary education 3, Secondary education 4 Higher education.	positive
Household income (hhi)	Household income they earn on yearly basis.	Continuous, amount in number.	Positive
Social Network Density (snd)	Respondent access to information	Dummy variable, 1 if have social networks and 0 if has no social network.	Positive
Mother's Education (me)	Mothers education in terms attending the school or not.	Dummy variable, 1 if literate and 0 otherwise.	Positive
Father's Education(fe)	Fathers education in terms attending the school or not	Dummy variable, 1 if literate and 0 otherwise.	positive
Marital Status(ms)	Marital status of the respondents	Categorical variable, 1 if Single, (2) if Married, (3) if Divorced and (4) if Widowed.	
Work Experience(Exp)	Work experience they acquired on work.	Continuous variable, expressed in number.	Positive
Access to Credit (Acrdt)	Availability of credit from formal sources of financing.	Dummy variable, 1 if the respondent has accesses to credit, and 0 otherwise.	Positive
Availability of information(Ainfo)	Availability of information regarding job in the area.	Dummy variable, 1 if information is available and 0 otherwise	Positive

Source: own construction, 2021

4. Result and discussion

Under this section descriptive statics of the respondents, inferential statistics and binary logistic result is analyzed based on the cross sectional data collected from the respondent in the study area.

4.1 Descriptive summary

Table 1: Descriptive statics of the respondents

		frequency	percentage
Gender	female	164	41.1
	male	235	58.9
Marital status	married	170	42.6
	single	223	55.9
	divorced	6	1.5
Migration status	migrated	84	21.1
	not migrated	235	78.9
Level of education	Illiterate	85	21
	Primary education	57	14
	Secondary education	71	18
	Certificate and diploma	116	29
	Higher education	70	17.5

Source: own survey, 2021

The above table gives brief information regarding the respondents and variables used in the econometric analysis. Gender of the respondent shows that about 59% were male and 41% of respondents are female whereas the marital status of the respondents was included in the analysis of the study based on this about 42.6% of respondents are married, 55.9%(223) are single and the rest 55.9% are divorced. the migration status of the respondent show that about 78.9%(315) of respondents are non-migrants whereas around 21.1%(84) respondents are migrant. The study concluded that most of respondents in the study area is male household head relatively as compared to female household head respondents.

Table 2 :Employment status based on the variables.

		Employed		**Unemployed**		
		frequency	Percentage	frequency	percentage	Total
gender	**female**	60	36.58	104	63.4	164
	Male	112	47.65	123	52.3	235
marital status	**married**	95	55.88	75	44.1	170
	single	75	33.6	148	66.36	223
	divorced	2	33.3	4	66.6	6

migration status	**migrated**	35	41.6	49	58.4	84
	not migrated	137	43.4	178	56.5	315
educational level	**Illiterate**	24	28.2	61	71.76	85
	Primary education	20	35	37	64.9	57
	Secondary education	32	45	39	55	71
	Certificate and diploma	52	44.8	64	55.2	116
	Higher education	44	62.85	26	37	70

Source: survey result, 2021

The above table shows cross tabulation of employment status of the respondents. Based on the this from the male respondents comparable proportion in terms of employment status whereas for female respondent greater percentage is unemployed, With the aspect of marital status single unemployed constitutes the largest percentage and those who is non migrants is more unemployed as compared to migrated respondent and illiterate respondent is unemployed than other level of education.

4.1 Inferential statistics

Inferential statistics methods to evaluate the relation between two variables one is Pearson Chi-square test which Measures the degree/systematic association between a given independent variable and dependent variable while keeping the effect of the other variable constant. Test of association was employed using the chi-square test among dependent and independent variables.

Table 3: Chi-Square test result of association between dependent and independent variables.

		Unemployed	**Employed**	**Chi square**	
		Frequency	frequency	X^2	Prob-value
Gender	Male	104	60	4.830	0.028**
	Female	123	112		
Marital status	Married	75	95		
	Single	148	75		
	Divorce	4	2		
Migration status	Migrated	49	351	0.09	0.764
	Non migrated	178	137		
Level of education	Illiterate	61	24	20.45	0.000***
	Primary education	37	20		
	Secondary education	39	30		
	Certificate and diploma	64	52		

	Higher education	26	44		
Mother education	literate	111	107	6.995	0.008***
	Illiterate	116	117		
Father education	Literate	104	102	7.218	
	Illiterate	123	70		0.008***
Social network density	Yes	179	36	0.003	0.958
	No	48	36		
Availability of information	Yes	177	135	0.0152	0.902
	No	50	37		
Access to credit	Yes	44	49	4.5383	0.033**
	No	183	123		

Source: own computation, 2021 ** and * significant association at 5, 10 percent level.**

From the table chi-square test shows the systematic relationship between a variables based on this gender, level of education, mother education, father education and access to credit have a systematic association with the employment status of the respondents. The gender difference shows there is systematic association with employment status. The association between sex and youth employment status shows that among female and males respondents. This supports that male unemployment is more severe than female unemployment. The chi-square test specified a statistically significant relationship between Gender and employment status.

Chi square test shows that educational level has systematic association with employment status as the result shows the greater percentage difference among illiterate one and higher education and it is statistically significant at 10% significance level.

There is also an association between Father education with respondent's employment status the percentage of unemployment was higher 56% among those respondents who's their fathers' were illiterate than those respondents whose fathers' were literate and the chi square test shows that there was a significant association between employment status and father education.

chi square test for access credit shows that there is systematic association between access to credit and employment status based on this about 80% of unemployed have no access to credit where as 71% of employed have no access to credit which small amount of the respondent have access to credit which shows systematic association and significant at 5% significance level.

4.3 Empirical Results and Discussion

Logit model was used to examine the determinants of Unemployment in the study area. Before fitting Though, before fitting the Logit model, it was vital to check whether multicollinearity problem exists between independent variables. Henceforth, pair wise correlation matrix was conductedand the result show that there is no serious multicollinearity problem among the independent variables. In order to avoid effect of heteroscedasticity, robust logistic regression was employed that can reduce the effect of heteroscedasticity even if it exists.

Table 4: Determinants of unemployment logistic regression

Employment status	Odds ratio	St.Err.	t-value	p-value	Marginal effect	p-value	Sig
Age	1.277697	.149	2.10	.036**	0.041772	0.032	**
Married (refer.)	1	.	.	.			
Single	0.529142	.187	-1.80	.072*	-0.11251	0.077	*
Divorced	0.700199	.73	-0.34	.733	-0.06402	0.729	
age2	0.996816	.002	-1.82	.069*	-0.00054	0.065	*
Ajob	2.949693	1.097	2.91	.004***	0.184385	0.003	***
family size	0.921867	.079	-0.95	.342	-0.01387	0.34	
Illiterate (refer.)	1	.	.	.			
Primary education	1.703646	.744	1.22	.223	0.087831	0.223	
Secondary education	2.361719	1.004	2.02	.043**	0.145482	0.041	**
Certificate and diploma	2.175711	.857	1.97	.048**	0.130817	0.044	**
Higher education	3.524902	1.603	2.77	.006***	0.217965	0.005	***
Hhi	0.999997	0	-1.82	.069*	-5.44E-07	0.065	*
Exp	1.745439	.14	6.93	0.00***	0.094946	0.000	***
Female(refer.)	1	.	.	.			
Male	1.068419	.293	0.24	.809	0.0113	0.81	
Mgs	1.39747	.388	1.21	.228	0.057046	0.225	
ME	1.374635	.389	1.12	.261	0.054238	0.258	
FE	1.929056	.574	2.21	.027**	0.111996	0.024	**
SND	0.667965	.215	-1.26	.209	-0.06878	0.206	
Ainfo	0.795762	.31	-0.59	.558	-0.03894	0.557	
Access to credit	1.265202	.379	0.79	.432	0.040097	0.431	
Constant	0.001329	.003	-3.22	.001			***

Mean dependent var	0.431	SD dependent var	0.496
Pseudo r-squared	0.251	Number of obs	399.000
Chi-square	137.045	Prob > chi2	0.000
Akaike crit. (AIC)	448.481	Bayesian crit. (BIC)	528.260

****** p<.0.01, ** p<.0.5, * p<.0.1***

Source: Stata result, 2021

Based on the logistic regression result age, age squared, educational level, availability of job, Father education, marital status significantly affects employment status of household in urban areas.

As the table shows age of the respondents significantly and positively affect the employment status of the respondents at 5% significance level as age increases the probability to be unemployed would decrease, this finding is consistent with the findings of Shita and dereje (2018), an increase in age

reduces the probability of being unemployed and this findings is contradict with findings of Amanuel (2016) who found that one age increment increases the probability of unemployment In the binary model age squared is also entered to capture the effect of doubling age on employment status based on the result there is a negative association and significant effect at 1% significance level, this may be due to at old age productivity of human capital may be decline overtime this may lead to an increase an unemployment level of the respondents at old age.

Marital status was included in the model to examine whether there is a difference in employment status of the respondents. based on this the probability of odds ratio for single respondents is significant and negatively related to employment status. Which shows that single respondents probability to be employed reduces by 0.11 than married respondents this may be due single respondent may not want to improve their livelihood as compared to married finding is consistent with the findings of Duguma, and Tolcha (2019) which found that single unemployment status increases by the odds ratio of 33.5 percent compared to married ones.

Availability of job is the dummy variable entered in the model and determine the employment status of the respondents at positively and significantly at 10 percent significance level which shows that as more available job then it reduces unemployment level of the respondents in the study area. If there is More job access, then it creates more employment opportunity for the population. This finding is consistent with the findings of Asnekew (2017) which says that accessibility of job opportunity for job seekers significantly affect employment status of the respondents.
Educational level affect the individual employment status of the respondent based on this. People with the most human capital are said to be the most productive, and thus secure the best jobs and the highest salaries (Schultz, 1961). On the other hand, when they lack the required skills and knowledge lack, the chance of being unemployed is high. As of findings of Berhe shows (2021) higher level of education is related to higher probability to be employed. Those who attend secondary education, certificate and higher education have less probability to be unemployed as compared to illiterate and primary education. Therefore, education affects significantly and positively affect employment status of the respondents. The marginal effect shows that for those who attend secondary education, certificate and diploma and higher education their probability to be employed increases by 0.14, 0.13,0.26 respectively. This finding is consistent with the findings of Berhe (2021), Duguma and Tolcha (2019) and Kemal(2020) which says attending more and more education would reduce the probability to be unemployed.

Household income is also an extra determinants of employment status of respondents those who have more income may have better life status family have good opportunity of creating employment since their family capable to invest more in the education of their children's and in another way of getting employment, higher income can enable them to have greater access to education, information and connection keeping in mind this in the study area household income negatively and significantly affect the employment status of the respondents at 1% this may due to as income of household/parent increases they may think that being employed may not satisfy them, they may be due their ways to use their family income for productive purposes this findings of the findings against the findings of Kemal (2020) and Amanuel (2016) which says relatively higher income families may have better inputs for searching jobs or else they can easily get initial capital to start their own business but if they don't use for productive purpose it would negatively affect the employment status.

Work experience affects employment status positively at 1 percent significance level. The result indicates that the odds ratio of being unemployed decreases by 1.745 if the individual has work experience as compared to those who haven't experiences. So lacking work experience increase the probability to be unemployed the findings is consistent with Shita and Dereje (2018) which says work experience affects unemployment negatively at 1 percent significance level.

Lastly father education also affect positively and significantly at 5% percent significance level which says that as those who's their father has an education have the probability of being employed than those illiterate this may be educated father may teach the way they can be employed and other factors the findings is consistent Shina (2020) and Wakene (2014) which says educational status of the fathers of the respondent increases the likelihood of being unemployed. However, the association was statistically significant.

Consequence of unemployment

One of the effect of unemployment is its increases the dependency ratio and increases the wastage of resources. The study asked the respondents regarding the consequence of urban unemployment in the study area. based on the findings increase in stress level of respondents 18.5%, followed by increase indebtedness 17.8%, increase in crime by 14.8%, increase dependency by 13.3%, family breakdown and increase homelessness. As the result shows when unemployment increases it may increase stress level of the respondent as the previous study shows Unemployment results in a neglect of economic resources such as the productive labor force and thereby affect the long run growth potential of the economy. It gives rise to increased crimes, suicides, poverty rates, alcoholism and prostitution (Rafik et al., 2010).

Conclusion and Recommendation

The mainobjective of this study is to identify and examine the factors which determine and its consequence of urban unemployment in North Shoa zone, oromia regional stateEthiopia. To achieve the objective, the study has employed descriptive, inferential statistic and Binary logit regression model. 13 explanatory variables were included in the model of binary logistic regression and the model was tested for multi collinaeratity test, hetroscedasciticty test by running the logistic regression by robust, link test and goodness of fit test. From the result of binary logistic model eight independent variables were found to be significant determinants of urbanunemployment in North Shoa Zone oromia regional state. From the variables age, age square, availability of job, educational level, work experience, father educationaffects employment status positively and significantly whereas marital status and household income affects employmentstatus Negatively. From the consequence of unemployment in the study area increase stress level, increase indebtedness, increase in crime are the first three consequences in the study area. From inferential statistics result Access to credit, father education, mother education, educational level of respondent and gender difference shows there is a systematic relationship with employment status in the study area.
Based on the finding the study found it important to make some recommendation to guide, concerned bodies and others. Therefore, government and all concerned authorities should consider the increase of investment expansion that made job available for the mass of people by promoting the resource available in the area for investors and participate in social activities to really understand the society problem and giving a solution, in addition government and stakeholders should introduce non-agricultural activities in urban areas to overcome urban unemployment.

Government should focus on the provision of infrastructure especially on education as the findings shows in the study area those who have more level of education have more probability than other level of education so concerned body should focus on educational quality that is provided for the peoples.

Government and concerned body should Improve the experience they have in the form short training, and on job training which makes them to change their attitude through continues training and education programs in addition Informing the residents on how to use household income for productive purposes that would reduce urban unemployment, finally policies and regulation of the country should focus on the equal distribution of infrastructure that attract investors which absorb labor force existed at different place through investment expansion and promoting resources to the investors. Further study can identify impacts of those activity on urban unemployment.

Data Availability Statement: The data presented in this study are available on request from the corresponding author: adamumulu6@gmail.com

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Ethical Consideration: The study was conducted according to the ethical guidelines of Salale University.

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