

Research Article

Determinants of Urban Youth Unemployment in Bonga Town, Southwest Ethiopia: Evidence from Binary Logistic Regression

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Abstract

Youth unemployment remains a major social and economic challenge in urban Ethiopia, where young people face limited job opportunities, skill mismatch, and weak labor-market support systems. This study examines the determinants of urban youth unemployment in Bonga Town, Kaffa Zone, Ethiopia, using cross-sectional data collected from 211 youth respondents and key informant interviews. Descriptive statistics and binary logistic regression were employed to identify the factors influencing employment status. Descriptive statistics show that majority of the youths in the town are male, unmarried, with in the age group of 24-26 years, and graduates of college and above. Further, the results from logistic regression show that gender, migration status, average monthly family income, education level, number of skill-improvement training attempts, social networks, skill mismatch, and job information access significantly affect youth employment status. The findings suggest that urban youth unemployment is shaped by both individual characteristics and structural labor-market constraints. Based on these results, the study recommends gender-responsive employment interventions, expanded skills training, improved access to job information, stronger social support mechanisms, and policies that reduce rural-urban migration pressure through balanced local development. These measures are essential for reducing youth unemployment and promoting inclusive urban growth in Bonga Town and similar urban settings in Ethiopia.

Keywords

Bonga, Determinant, Unemployment, Youth

1. Introduction

Unemployment refers to the condition in which individuals are without work, actively seeking employment, and available to start work immediately (International Labour Organization [20]). It is a major macroeconomic and social challenge that reflects both economic performance and societal well-being [47]. Young people are particularly vulnerable to unemploy-

ment, especially in developing countries, where rapid population growth, urbanization, limited job creation, and skill mismatches have made the transition from school to work increasingly difficult [33, 35]. Consequently, youth unemployment contributes to poverty, social exclusion, crime, and reduced economic productivity [17].

In Ethiopia, youth constitute a large and rapidly growing

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share of the population, with approximately two million young people entering the labor force each year while formal employment opportunities remain limited [22]. As a result, youth unemployment remains particularly high in urban areas, where the unemployment rate reached 23.1% compared with 8.1% in rural areas as reported in CSA, 2021 [31]. The challenge is more pronounced in secondary towns such as Bonga, where rural-urban migration, weak industrial development, and limited private investment have intensified competition for scarce employment opportunities [45]. In addition, the town's economy is largely dependent on agriculture, offering few non-farm employment opportunities for educated youth [30].

Previous studies have identified demographic, socioeconomic, and institutional factors; including gender, age, education, migration status, social networks, and access to labor-market support services as determinants of youth unemployment in Ethiopia [32]. However, these determinants vary across locations because of differences in labor-market conditions, economic structures, and institutional contexts, limiting the generalizability of existing findings. Despite the growing unemployment problem in Bonga Town, empirical evidence on its determinants remains scarce. Therefore, this study examines the demographic, socioeconomic, and institutional factors influencing urban youth unemployment in Bonga Town, Kaffa Zone, Ethiopia, with the aim of providing evidence to inform local employment policies and contribute to the literature on urban labor markets in Ethiopia.

2. Statement of the Problem

Youth unemployment remains a major socioeconomic challenge in Ethiopia, particularly in urban areas where the growth in the labor force exceeds the availability of decent employment opportunities. Factors such as limited job creation, skill mismatch, weak labor-market linkages, and inadequate access to job information have prevented many young people from securing productive employment, making youth unemployment both an economic and developmental concern.

The problem is particularly pronounced in Bonga Town, which attracts rural-urban migrants while experiencing relatively slow economic expansion. Consequently, many young people compete for limited employment opportunities, resulting in high unemployment, increased household dependency, and reduced contributions to local economic development.

Although previous studies have investigated the determinants of youth unemployment in Ethiopia [5, 10, 41, 44], their findings are largely context-specific and may not reflect the conditions in Bonga Town. Given the limited empirical evidence for the study area, this study aims to identify the demographic, socioeconomic, and institutional factors influencing urban youth unemployment in Bonga Town, thereby providing evidence to inform targeted employment policies and interventions.

2.1. Literature Review

The concept of unemployment is complex, and its definition varies across developed and developing countries. According to [9], unemployment refers to a situation in which individuals who are able and willing to work are without jobs and actively seeking paid employment. This definition also presents challenges in measuring unemployment, particularly when estimating the average unemployment rate over time.

Despite the argument, unemployment refers to a situation which occurs when people who are within the working age or group (Labour force 18-64 yrs) are willing and able to work but find it difficult to secure jobs or paid employment. It is among the macroeconomic problems every economy faces. Unemployment is not equally distributed among all age groups. All unemployment's are not similar; depending on factors causing unemployment one can classify unemployment in to different type as follows; *Frictional unemployment* which arises because of normal labor turnover that occurs in any dynamic economy and the time lags involved in the employment of labor, *Cyclical unemployment* which arises during recessionary periods when the aggregate demand and the demand for labor are low [28], *Structural unemployment* which is more difficult to define but generally it refers to the over a liability of the economy, due to structural imbalances, to provide employment for the total labor force even at the peak of the business cycle, *Seasonal unemployment* which occurs due to normal and expected changes in the economic activities during the course of a single year.

Generally, Economists distinguish types of unemployment, however: cyclical unemployment is brought by the vagaries of the business cycle; structural unemployment is brought about by changes in the economy or labor market, when the jobs available do not fit the workforce's skills; frictional unemployment is the phenomena of people being "between jobs", seasonal unemployment is linked to certain types of seasonal jobs such as farm work and construction.

Evidences from literatures show that the distribution of unemployment rate is not similar among all age groups. According to [36], unemployment rates are highest among younger age groups and steadily decline as workers age and gain experience. Youth unemployment has become one of the most serious socio-economic problems in Ethiopia, especially in urban areas where labor supply grows faster than job creation. In Ethiopia, youth (15-29) face an urban unemployment rate of 27.2% [11]. The problem is not only about the absence of jobs, but also about the mismatch between young people's characteristics and the structure of available employment opportunities.

2.2. Theories of Unemployment

Youth unemployment has been explained by several economic theories, each emphasizing different causes and policy responses. The theories of unemployment are Keynesian theory, Marxist theory of unemployment, Monetarism theory, and Human capital theory.

The *Keynesian theory* argues that unemployment results from insufficient aggregate demand, where reduced spending by households, firms, and governments lowers production and employment below the full-employment level [6, 24]. In contrast, the *Marxist theory* views unemployment as an inherent feature of the capitalist system, where a "reserve army of labor" is maintained to suppress wages and maximize profits [29]. The *Monetarist theory*, advanced by Friedman, contends that unemployment is largely determined by the natural rate of unemployment, which is influenced by labor market institutions, wage flexibility, labor mobility, and government intervention. According to this perspective, attempts to reduce unemployment below its natural rate through expansionary monetary policies only generate inflation without producing sustainable employment gains [14].

Human Capital theory offers a microeconomic explanation of unemployment by emphasizing the role of education, training, and skills in enhancing individuals' employability. [4] argues that investment in human capital increases workers' productivity, improves labor market competitiveness, and raises lifetime earnings. The theory suggests that individuals with higher levels of education, vocational training, and relevant work skills are more likely to secure employment than those with limited human capital. In the context of urban youth unemployment, Human Capital Theory is particularly relevant because differences in educational attainment, vocational skills, and work experience significantly influence young people's employment opportunities. Together, these theories provide a comprehensive framework for understanding unemployment from both macroeconomic and individual perspectives and serve as an important theoretical foundation for studies examining the determinants of urban youth unemployment [4, 6, 7, 14, 24, 29].

2.3. Empirical Evidence from Ethiopia on Determinants of Youth Unemployment

Empirical studies in urban Ethiopia consistently show that youth unemployment is shaped by a range of demographic, socioeconomic, and institutional factors. A multilevel analysis of urban Ethiopia found that demographic, social, and institutional variables were statistically significant determinants of youth unemployment. Similarly, evidence from East Gojjam showed that age, work experience, skill match, social network, and family prosperity were negatively and significantly associated with youth unemployment, while education and migration status affected unemployment positively and significantly [42].

Getaneh, G. [15] also reported that sex, age, work experience, family poverty status, access to formal credit, access to job training, education, and job preference significantly influenced self-employment in Central Gondar Zone. The study used data from 195 employed and 205 unemployed youths and applied a logit model for analysis. This suggests that labor-market outcomes among youth are closely linked to both personal characteristics and access to productive resources.

Evidence from the Oromia region further confirms these patterns. In Hararghe Zone, [2] found that migration status, marital status, health status, family support, educational level, access to training, work experience, and monthly family income significantly affected youth unemployment. Their study was based on 396 randomly selected youth respondents. In Borena Zone, [13] found that age, gender, marital status, migration status, social network, and access to credit positively affected unemployment, whereas education and work experience negatively affected it in Yabalo town. The study also showed that unemployment contributes to dependency, stress, indebtedness, and crime.

Other studies report similar findings in different urban settings. Research in Injibara town identified age, educational level, social networking, job training, migration status, and access to the workplace as significant determinants of unemployment [23]. Likewise, a study from towns in the Somali region found that gender, education level, work experience, access to credit, access to information, duration of job search, active job-seeking behavior, social networks, and residence in major towns such as Jigjiga and Gode were significantly associated with youth unemployment [1].

Overall, previous studies indicate that urban youth unemployment in Ethiopia is driven by a combination of demographic, socioeconomic, and institutional factors, including gender, age, education, migration status, work experience, household income, access to credit, training, job information, and skill mismatch. Although these studies provide valuable evidence, their findings are largely location-specific and vary across urban areas due to differences in local labor market conditions. Moreover, relatively few studies examine the combined influence of individual, household, and institutional factors within a single analytical framework. Consequently, there is a need for area-specific evidence from Bonga Town, where empirical research remains limited despite increasing youth unemployment and rural-urban migration, providing the rationale for this study.

3. Materials and Data

This study was conducted in Bonga Town, the administrative center of Kaffa Zone and the capital of the Southwest Ethiopia Regional State. The town is located approximately 449 km southwest of Addis Ababa and is administratively divided into three kebeles. According to the Ethiopian Statistical Service [12], Bonga Town had a projected population of 58,612 in 2023 (28,929 males and 29,683 females). Although town-level age-disaggregated data are unavailable, applying the national youth proportion (26.5%) reported by the United Nations Population Fund [46] yields an estimated youth population of approximately 15,532.

The study employed a cross-sectional quantitative research design, complemented by key informant interviews to triangulate the findings. Primary data were collected through structured questionnaires administered to 272 randomly selected

youth respondents (aged 18-29 years) using proportional simple random sampling, while five key informant interviews were conducted with officials from the Bonga Town administration. Secondary data were obtained from published reports and official documents to supplement the primary data. The target population comprised urban youth residing in Bonga Town, with the age range restricted to 18-29 years in line with [32] and international labor standards that discourage the inclusion of individuals below 18 years in employment-related surveys [40].

3.1. Sample Size Determination

Given the estimated total youth population of the town (15,532) in the town, the representative sample size was estimated using [49] formula.

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

Where; n is the representative sample size (both unemployed and employed youth), N is the total youth population, and e is the desired level of precision/errors (6%). Accordingly, the computed sample size was found to be 272. Therefore, the sample respondent for this study was 272 youths of Bonga town administration. Accordingly, the sample was distributed for all three Kebeles proportionally.

3.2. Method of Data Analysis

The data collected from the sample respondents were analyzed using both descriptive statistics and a binary logistic regression model. Since the dependent variable, urban youth employment status, is dichotomous, binary logistic regression was employed to identify its determinants, consistent with the recommendation of [16] for modeling binary outcome variables. In this study, the dependent variable was coded as 1 if the youth was unemployed and 0 if employed. The logit model was preferred because it appropriately estimates the probability of unemployment while avoiding the violations of normality and homoscedasticity assumptions associated with linear regression models.

$$\log(\text{odds ratio}) = \log \frac{(\text{unemployed})}{(\text{Employed})}$$

$$\text{Logit}(Y) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \beta_8 x_8 + \beta_9 x_9 + \beta_{10} x_{10} + \beta_{11} x_{11} + \beta_{12} x_{12} + \beta_{13} x_{13} + U_i \quad (6)$$

Finally, to estimate the effects of each explanatory variables/factors/ on youth employment status, the following logistic regression model was specified for the current study which is just a slight modification of equation_6 and by including specified control variables as follow;

$$\text{YES}_i = \beta_0 + \beta_1 \text{AG}_i + \beta_2 \text{GN}_i + \beta_3 \text{MS}_i + \beta_4 \text{MgSi} + \beta_5 \text{INC}_i + \beta_6 \text{EDU}_i + \beta_7 \text{CR}_i + \beta_8 \text{FECFC}_i + \beta_9 \text{NSKILT}_i + \beta_{10} \text{SN}_i + \beta_{11} \text{SM}_i + \beta_{12} \text{JIA} + \beta_{13} \text{FS} + \varepsilon \quad (7)$$

$$\log \frac{P(y_i=1)}{P(y_i=0)} = \beta_0 + X_i' \beta \quad (1)$$

Where,

$y_i=0$ youth being employed.

$y_i=1$, youth being unemployed

x_i is column vector of explanatory variables

β is column vector of parameters (coefficients) and

β_0 is the intercept term.

Equation (1) shows natural logarithmic form of odds ratio which depends on observed explanatory variables. Besides, the equation can also be expressed in terms of probability as;

$$\log \frac{P(y_i=1)}{P(y_i=0)} = \log \frac{P(y_i=1)}{1-P(y_i=1)} = \beta_0 + X_i' \beta \quad (2)$$

The stochastic version of Equation (2) can be formulated by adding disturbance error term:

$$\log \frac{P(y_i=1)}{1-P(y_i=1)} = \beta_0 + X_i' \beta + U_i \quad (3)$$

Where, (U_i) in Equation (3) is the stochastic error term representing unobserved factors affecting urban youth employment. Taking the exponential of both sides of Equation (3) yields the logistic function in Equation (4).

$$\frac{P(y_i=1)}{1-P(y_i=1)} = \exp^{\beta_0 + X_i' \beta + U_i}$$

$$P(y_i = 1) = 1 - P(y_i = 0) = \exp^{\beta_0 + X_i' \beta + U_i}$$

$$P(y_i = 1) = \frac{\exp(\beta_0 + X_i' \beta + U_i)}{1 + \exp(\beta_0 + X_i' \beta + U_i)} \quad (4)$$

Equation (4) describes the probability of each i^{th} factors in determining youth employment status in the study area to be employed or unemployed that still depends on observed exogenous variables. And this probability is still positive number between 0 and 1 as the underlying model follows conventional logistic distribution. Hence, the predicted probability of employed youth status can be expressed as in Equation (5) and (6).

$$\hat{P}(y_i = 1) = \frac{\exp(\hat{\beta}_0 + X_i' \hat{\beta} + U_i)}{1 + \exp(\hat{\beta}_0 + X_i' \hat{\beta} + U_i)} \quad (5)$$

Where,

YES_i = i^{th} youth employment status

AG_i = Age of i^{th} youth

GN_i = Gender of i^{th} youth

MS_i = Marital status

$MgSi$ = Migration status

INC_i = Average family income

EDU_i = The level of education

CRI = Access to formal credit

$FEFC_i$ = Frequency of exposure for competition to get job

$NSKILT_i$ = Number of attempt to improve skills by training

(s)

SN_i = Social network.

SM_i = Skill Mismatch

JIA = Job information access

JFS = Joint family system

ε_i = Error term

β_{rs} = Coefficient of explanatory variables

3.3. Description of Variables and Their Expected Sign

Urban youth unemployment: The dependent variable in this study was youth unemployment (Urban youth employment status). Since, the employment status is dichotomous (employed/unemployed), for regression analysis the variable was coded as 0 if the respondent is employed and 1 otherwise.

Independent variables: Reviewing different related theoretical and empirical literatures with regard to unemployment problems; the following demographic, socio-economic and institutional variables were expected to determine the unemployment of youths in Bonga town, Kaffa zone.

Age is measured as the number of completed years of the respondent and is treated as a continuous variable. Older youth are generally expected to have accumulated greater work experience, skills, and labor market exposure, thereby improving their chances of securing employment. **Gender** is measured as a dummy variable (1 = female, 0 = male). Female youth often face labor market discrimination, unequal employment opportunities, and cultural barriers that increase their likelihood of unemployment compared with their male counterparts [38, 42, 43]. **Marital status** is also included as a dummy variable (1 = married, 0 = unmarried), with married youth expected to have stronger incentives to participate in the labor market because

of greater family responsibilities [34]. **Migration status** is another explanatory variable measured as a dummy variable (1 = migrant, 0 = non-migrant). Rural-to-urban migration increases labor supply in urban areas and intensifies competition for limited employment opportunities, thereby increasing the probability of youth unemployment [2, 8]. Accordingly, age is expected to reduce unemployment, whereas being female and being a migrant is expected to increase the likelihood of unemployment [3].

Socioeconomic factors are also expected to influence youth unemployment. **Family monthly income** is measured as a continuous variable and is expected to reduce unemployment because higher-income households are better able to finance education, job search, and self-employment opportunities [21, 26]. **Educational attainment** is measured as a categorical variable, with higher levels of education expected to enhance employability through improved knowledge and skills [39]. **Access to formal credit** is measured as a dummy variable and is expected to reduce unemployment by enabling youth to establish businesses or engage in income-generating activities [18]. Likewise, **participation in skills training** enhances human capital and productivity, thereby improving employment prospects [15, 27]. **Experience in competing for jobs** is also expected to improve job-search skills and increase the probability of obtaining employment [21].

Institutional and social factors are equally important in explaining youth unemployment. **Strong social networks** facilitate access to job-related information, referrals, and employment opportunities, thereby reducing unemployment [1, 13]. **Skill mismatch**, defined as the discrepancy between workers' skills and employers' requirements, is expected to increase unemployment because it limits the employability of job seekers [19]. **Access to timely and reliable job information** is another important determinant, as it enables youth to identify vacancies and compete effectively in the labor market [23, 25, 48]. Finally, the **family support system** may influence employment outcomes. Although strong family support can provide financial security, it may also reduce job-search intensity and encourage dependency among youth, thereby increasing the likelihood of unemployment [37]. Collectively, these demographic, socioeconomic, institutional, and social factors provide a comprehensive framework for analyzing the determinants of urban youth unemployment. Table 1 presents the description of variables with their expected signs.

Table 1. Description of variables and their expected sign.

Name of variables	Short code	Nature of the variables	Expected sign
Dependent Variable			
Urban youth employment status	YES	Dummy (0= if employed & 1 = otherwise)	
Independent Variables			

Name of variables	Short code	Nature of the variables	Expected sign
Age	AG	Continues	+
Gender	GN	Dummy (0= if male & 1 = otherwise	+
Marital status	MS	Dummy (0= if unmarried & 1 = otherwise	+
Migration statuses	MgS	Dummy (0= if native & 1 = otherwise	+
Average income of the respondent's family	INC	Categorical (0= if >5001, 1=2501-5000, 2=501-2500, 3= <500)	+
Education level of the respondents	EDU	Categorical (0= if college Diploma and above, 1= if high school, 2=Primary, 3= no formal educ.)	+
Access to credit facility	CR	Dummy (0= if yes & 1 = otherwise	+
Freq. of exposure for competition to job	FEFC	Dummy (0= if yes & 1 = otherwise	+
No. of attempt to improve skills by training	NSKILT	Dummy (0= if more than once & 1 = otherwise	+
Social Networks	SN	Dummy (0= if yes & 1 = otherwise	+
Skill Mismatch	SM	Dummy (0= if match & 1 = otherwise	+
Job Information Access	JIA	Dummy (0= if yes & 1 = otherwise	+
Joint family system	JFS	Dummy (0= if strong & 1 = otherwise	-

4. Results and Discussions

4.1. Descriptive Statistics

The demographic characteristics of have indications for the urban youth employment status. Considering this, demographic characteristics of youths were analyzed in this study. Accordingly, the majority of respondents (61.15%) were between 24 and 29 years of age, with an average age of 24.2 years (see Table 2). This indicates that most respondents were within the economically active youth age group. Table 3 shows the gender composition, male respondents accounted for 57.82% of the sample, while females constituted 42.18%, indicating that the majority of the respondents were male.

Table 2. Age category of the respondents in years.

Age category	Number	Percentage
18-20	36	17.07
21-23	46	21.8
24-26	70	33.18
27-29	59	27.97

Age category	Number	Percentage
Total	211	100

Source: Own computation based on data, 2025/26

Table 3. Gender of the respondents.

Female Male Total			
Gender of the Respondent	89	122	211
	42.18%	57.82%	100%

Source: Own computation based on data, 2025

As presented in Table 4 most respondents (64.93%) were unmarried, whereas 35.07% were married, suggesting that unmarried youths dominated the study sample. Concerning the level of education attained by the youths, more than half of the respondents (55.45%) had attained a college diploma or higher qualification, followed by those with secondary education (26.07%). Only a small proportion had primary education (13.74%) or no formal education (4.74%), reflecting a relatively educated youth population (see Table 5).

Table 4. Marital status of the youth respondents.

Marital status	Married	Unmarried	Total
Marital status of the respondents	74	137	211
	35.07%	64.93%	100

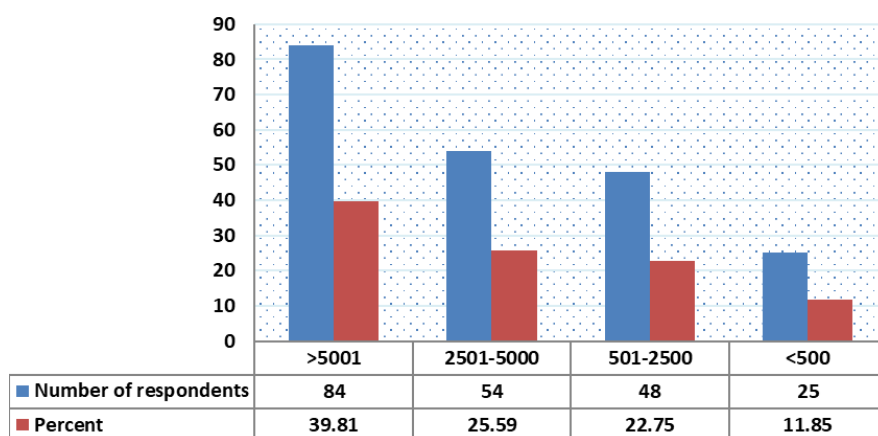
Source: Own computation based on data, 2025

Table 5. Education level of the respondents.

Education level of the respondents	Number	Percentage
With no formal education	10	4.74
Elementary (1-8)	29	13.74
High school (9-12)	55	26.07
College Diploma & above	117	55.45
Total	211	100

Source: Own computation based on data, 2025

The income distribution shows that 39.81% of respondents came from families earning Ethiopian Birr (ETB) 5,001 or more per month, while 25.59% belonged to households earning Birr 2,501-5,000. Overall, approximately 65.4% of respondents were from households earning at least Birr 2,501 per month.



Source: Own computation based on data, 2025

Figure 1. Average monthly income of families of respondent youths.

Moreover, the descriptive results indicate that only 26.57% of respondents had access to formal credit, while 63.03% had access to job information and 56.87% had received skill development training. In addition, 58.29% reported facing job

competition, and 58.77% indicated that they had social networks that could assist them in securing employment (see Table 6).

Table 6. Other factors determining youth employment status in the study area.

Other factors	Yes		No	
	Number	Percent	Number	Percent
Access to credit facility	56	26.57	155	73.46
Access to Job information	133	63.3	78	36.97
Access to skill development training (s)	120	56.87	91	43.13
Exposure of competition for job	123	58.29	88	41.71
Social network	124	58.77	87	41.23

Source: Own computation based on data, 2025

Regarding other characteristics, Table 7 presents that 57.35% of the respondents were migrants, 53.08% experienced skill mismatch with available jobs, and 58.77% reported having weak family support. These findings suggest that institutional, social, and labor market factors may influence youth employment outcomes in the study area.

Table 7. Other factors determining youth employment status in the study area.

	Number	Percent	Number	Percent
	Immigrants		Natives	
Migration status	121	57.35	90	42.65
Skill Mismatch	Match		Not match	
	99	46.92	112	53.08
Joint family system	Strong		Weak	
	87	41.23	124	58.77

Source: Own computation based on data, 2025

4.2. Econometric Analysis

4.2.1. Determinants of Urban Youth Unemployment

A binary logistic regression model was employed to examine the determinants of urban youth unemployment in Bonga Town, and diagnostic tests confirmed that the model satisfied the required assumptions, including correct specification, absence of multicollinearity (VIF = 1.48), no heteroskedasticity,

and good model fit. The overall model was statistically significant (LR $\chi^2 = 230.95$, $p < 0.001$), indicating that the explanatory variables jointly explained variations in urban youth unemployment. The model achieved a Pseudo R^2 of 0.7922, suggesting strong explanatory power. Of the 13 explanatory variables included in the model, eight were statistically significant at the 1% and 5% levels, and their effects are interpreted using marginal effects, as presented in Table 8.

Table 8. Logit model estimates for determinants of urban youth unemployment.

Variables	Odds ratio	Coef. (β 's)	Stand. Error	Z	P > z	Marginal Effect (dy/dx)
AG	0.8941	-0.1118	0.1295	-0.86	0.388	-0.0267
GN	7.0037	1.9464	0.7756	2.51	0.012	0.4224**

Variables	Odds ratio	Coef. (β 's)	Stand. Error	Z	P > z	Marginal Effect (dy/dx)
MS	0.1499	-1.8976	1.4121	-1.34	0.179	-0.4399
MgS	6.9067	1.9325	0.9121	2.12	0.034	0.4415**
INC	2.8665	1.0531	0.4318	2.44	0.015	0.2516**
EDU	2.7856	1.0244	0.4795	2.14	0.033	0.2447**
CR	2.2890	0.8281	1.1791	0.70	0.482	0.2014
FEFC	4.1523	1.4236	1.0193	1.40	0.163	0.3200
NSKILT	118.859	4.7779	1.3814	3.46	0.001	0.7953*
SN	8.2491	2.1101	0.9706	2.17	0.030	0.4501**
SM	7.4683	2.0106	0.9350	2.15	0.032	0.4522**
JIA	22.5015	3.1135	1.0468	2.97	0.003	0.5894*
JFS	1.3420	0.2941	0.9360	0.31	0.753	0.0705
Constant	0.0015	-6.4701	3.7023	-1.75	0.081	-
Number of obs. 211				Pseudo R2 = 0.7922		
Log Likelihood = -29.9220				VIF = 1.48		
LR Chi ² (13) = 230.95				* shows significant at 1%		
Prob >Chi2 = 0.0000				** shows significant at 5%		

Source: Own computation based on data, 2025

Gender (GN): Gender was positively and significantly associated with youth employment at the 5% significance level. The marginal effect (0.4224) indicates that male youths were 42.24 percentage points more likely to be employed than female youths, holding other factors constant. This finding suggests that female youths face greater barriers to employment in Bonga Town and is consistent with the findings of [42, 43].

Migration Status (MgS): Migration status significantly influenced employment at the 5% level. The marginal effect (0.4415) shows that native youths were 44.15 percentage points more likely to be employed than migrant youths. This implies that rural-urban migrants experience greater difficulty in securing employment, supporting the argument that rural-urban migration contributes to urban unemployment [2, 8].

Average Monthly Family Income (INC): Family income had a positive and significant effect on youth employment. The marginal effect (0.2516) indicates that youths from higher-income households were 25.16 percentage points more likely to be employed than those from lower-income families. This may reflect the greater capacity of wealthier households to finance job search activities, education, or self-employment opportunities. The finding agrees with [26, 42].

Educational Level (EDUC): Educational attainment significantly increased the likelihood of employment. The marginal effect (0.2447) indicates that a higher level of education increased the probability of employment by 24.47 percentage points. This finding suggests that education enhances the skills and competencies required in the labor market and is consistent with [2, 39].

Number of Skill Improvement Trainings (NSKILT): Participation in skill improvement training had the strongest positive effect on employment and was significant at the 1% level. The marginal effect (0.7953) indicates that youths who had attended skill development training were 79.53 percentage points more likely to be employed than those who had not. This highlights the importance of vocational and skill development programs in improving youth employability, consistent with [15, 27].

Social Network (SN): Social networks positively influenced youth employment and were significant at the 5% level. The marginal effect (0.4501) suggests that youths with social networks were 45.01 percentage points more likely to secure employment than those without such networks. This finding indicates that social capital facilitates access to employment opportunities by reducing job search costs and improving information flow, supporting [1].

Skill Match (SM): Skill matching was another significant determinant of employment. The marginal effect (0.4522) indicates that youths whose skills matched available job requirements were 45.22 percentage points more likely to be employed than those experiencing skill mismatches. This finding underscores the importance of aligning education and training with labor market demand and is consistent with [19].

Job Information Access (JIA): Access to job-related information significantly increased the likelihood of employment at the 1% significance level. The marginal effect (0.5894) shows that youths with access to vacancy and labor market information were 58.94 percentage points more likely to be

employed than those without such access. This result emphasizes the importance of effective labor market information systems in reducing youth unemployment and supports the findings of [23, 25].

4.2.2. Discussion of Key Informant Interviews

Five key informants were purposively selected from Bonga Town Administration, including two officials from the Youth Employment Creation Office and three representatives from Kebeles 01, 02, and 03. According to the informants, youth unemployment has been increasing over time in the town. They identified rural-urban migration, limited labor market demand, inadequate access to job information, corruption during recruitment, weak social networks, and limited opportunities for skill development as the major factors contributing to youth unemployment. These challenges reduce young people's chances of securing employment and contribute to the rising unemployment rate.

The key informants also suggested several measures to address the problem. They emphasized the need to strengthen rural development programs to reduce excessive rural-urban migration, improve the institutional environment to attract investment and create employment opportunities, enhance transparency in recruitment processes, expand access to labor market information, and provide regular skill development training. According to the informants, these interventions would improve youth employability, promote self-employment, and help reduce urban youth unemployment in Bonga Town.

5. Conclusion

Youth unemployment is a major policy challenge in developing countries, including Ethiopia's emerging urban centers. High levels of youth unemployment contribute to economic hardship, social unrest, and political instability. As the administrative center of Kaffa Zone, Bonga Town faces a growing youth unemployment problem influenced by various demographic, socioeconomic, and labor market factors. This study aimed to identify the major determinants of urban youth unemployment in Bonga Town.

The study employed a cross-sectional research design using primary data collected during the 2025/26 survey period. Descriptive statistics and a binary logistic regression model were used for data analysis. The descriptive findings showed that youth unemployment is associated with several demographic, social, and economic characteristics. Thirteen explanatory variables were included in the logistic regression model, of which eight were found to be statistically significant. These were gender, migration status, average household income, educational attainment, participation in skill-development training, social networks, skill mismatch, and access to job information.

The findings indicate that youth unemployment in Bonga

Town is determined by a combination of demographic, socioeconomic, and labor market factors. The study recommends strengthening vocational and entrepreneurship training, improving access to labor market information, reducing skill mismatches through demand-driven education and training, and promoting employment opportunities for economically disadvantaged youth. Implementing these measures can enhance youth employability and contribute to reducing urban youth unemployment in Bonga Town.

6. Recommendations

Based on the findings of this study, reducing urban youth unemployment in Bonga Town requires integrated policy interventions targeting its key determinants. Policymakers should promote gender equality in employment and expand access to quality education and skill development to improve youth employability. In addition, creating employment opportunities in rural areas can help to reduce excessive rural-urban migration, while ensuring that employment opportunities are allocated transparently and based on merit. Educational institutions should align their curricula with labor market demands by providing practical and market-oriented training to minimize skill mismatches. Furthermore, strengthening labor market information systems and improving youth access to timely and reliable job information can enhance job matching and increase employment opportunities.

Abbreviations

ILO	International Labor Organization
UNFPA	United Nations Population Fund
ETB	Ethiopian Birr

Author Contributions

Mathiws Kifle Wonit: Conceptualization, Data Curation, Formal Analysis, Funding acquisition, Investigation, Methodology, Project Administration, Resources, Software, Supervision, Validation, Visualization, Writing – original draft, Writing – review & editing

Conflicts of Interest

The author declares no conflicts of interest.

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