



THE AGA KHAN UNIVERSITY

Whole Youth Development in Kenya

Survey of employers and employees in the formal and informal sectors to determine entry-level skills among youth (18-30 yrs) in employment Kenya.



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The views presented in this report are based on the evidence gathered and the analysis of the authors and our partners.

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Abbreviations

AKU Aga Khan University

BEAR II Better Education for Africa's Rise II

CoE Centre of Establishments

EAI East Africa Institute

FKE Federation of Kenya Employers

ILO International Labour Organization

KENASVIT Kenya National Association of Street Vendors and Informal Traders

KII Key Informant Interview

KNBS Kenya National Bureau of Statistics

KNFJKA Kenya National Federation of Jua Kali Association

MOE Ministry of Education

MOL Ministry of Labour

NITA National Industrial Training Authority

NYS National Youth Service

PSC Public Service Commission

TVET Technical and Vocational Education and Training

TVETA Technical and Vocational Education and Training Authority

WYD Whole Youth Development

Glossary

Term	Definition
Whole Youth Development (WYD)	The range of capabilities needed for youth to access, create and retain jobs, lead fulfilled lives and contribute to the common good of society.
Informal Sector	Part of the economy that involves all remunerative work (i.e. both self-employment and wage employment) that is not registered, regulated or protected by existing legal or regulatory frameworks, as well as non-remunerative work undertaken in an income-producing enterprise. Informal workers do not have secure employment contracts, workers' benefits, social protection or workers' representation.
Formal Sector	Part of the economy that encompasses all jobs with normal hours and regular wages, and are recognized as income sources on which income taxes must be paid.
Industry	It is a particular form or branch of economic or commercial activity in a particular field, country, region, or economy viewed collectively, or one of these individually.
Self – employment	Self-employment is where individuals do not work for a specific employer who pays them a consistent salary or wage. They earn an income by contracting with a trade or business directly.
Labour force	Also known as active population which comprises of all persons who fulfil the requirements for inclusion among the employed or the unemployed.
Skilled workforce	Refers to a portion of the labour/workforce with a special skill, training, knowledge and ability acquired through post-secondary training (college, university or technical institution).
Unskilled workforce	Refers to a portion of the labour/workforce that has no post-secondary training (college, university or technical institution).
Employed persons	Defined as those who work for pay or profit for at least one hour a week or who have a job but temporarily not at work due to illness, leave or industrial action.
Unemployed persons	ILO has a strict definition of the unemployed persons as those who are able to work for pay or profit, who are seeking and available to start working for pay or profit in specified reference periods.
Skill	An ability to perform a particular mental or physical activity that may be developed through vocational training or practice.
Entry Level Skill	A skill required to commence employment in an organization or more generally to gain entry into the workforce.
Skills mismatch	Refers to various types of imbalances between skills offered and skills needed in the world of work. Vertical mismatch: The level of education or qualification is less or more than required. Horizontal mismatch: The type/field of education or skills is inappropriate for the job.

Skill gap	Situation where an individual does not have the type or level of skills required to perform his or her job adequately.
Soft skills	A set of intangible personal qualities, traits, attributes, habits and attitudes that can be used in many different types of jobs.
Employability skills	The skills which enable people to gain, keep and progress in employment, including skills in the clusters of work readiness and work habits, interpersonal skills and learning, thinking and adaptability skills.
Technical Skills	These are skills and knowledge needed to perform specific tasks. They are practical, and often relate to mechanical and professional skills such as driving, teaching, engineering, medical and legal etc.
Life skills	These are skills necessary or desirable for full participation in everyday life. They include communication and interpersonal skills, creative and critical thinking skills, decision-making and problem-solving skills etc.
Social-emotional skills	These are skills through which children and adults understand and manage emotions, set and achieve positive goals, feel and show empathy for others, establish and maintain positive relationships and make responsible decisions.
Core values	Individuals' values and skills that define an employee such as integrity, honesty, reliable, efficiency, accountability and responsiveness.
Entrepreneurship skills	These are skills needed to start and build successful businesses through innovative and creative thinking. They also include interpersonal and practical skills.
Financial planning and management skills	These are the skills needed for planning, organizing, directing and controlling utilization of financial resources of an enterprise.
Marketing and sales	Ability to market and sell products e.g. having product knowledge etc.
Basic computing skills	The knowledge and ability to utilize computers and related technology efficiently, with a range of skills covering levels from elementary use to computer programming and advanced problem solving.
Numeracy/ mathematical skills	Basic mathematical skills that include a range of abilities to understand and analyse numerical information and to make the right conclusions and decisions. They also include the ability to express ideas and situations using numerical or mathematical information.
Literacy skills	These are reading, comprehension and writing skills. They include awareness of the sounds of language, awareness of print, and the relationship between letters and sounds.
HIV & AIDS knowledge	Entails understanding of information and ideas about HIV and AIDS.
Environmental awareness	Being aware of the natural environment and making choices that benefit- rather than hurt-the environment.
Proficiency	Having the necessary knowledge, ability, or skills in a profession or field.

Executive Summary

An estimated 78% of Kenya's population is aged below 35 years (NCPD, 2017) with a median age of 19 years (World Population Review, 2019). This demographic structure can be either a valuable dividend or a risk to development (UNDP, 2013). One of the major downsides of the 'youth bulge' has been youth unemployment, which is both an economic and social challenge. According to the Kenya Youth Survey 2016, unemployment is the top concern for the youth at 63%. About 1 in 2 university graduates are out of full-time employment; youth aged between 18 and 25 are twice more likely to be unemployed; and unemployment among rural women aged 18 to 35 is about 62%. Whereas hard work was considered a respected value, the association between hard work and success declined dramatically with the level of education (Awiti & Scott, 2016).

The world of work demands a holistic set of skills and competencies from employees. Over the years, there has been concerns regarding inadequate preparation of youth for the workplace. Employers attribute this inadequacy to lack of soft skills among youth- despite having academic qualifications and technical training. This raises concerns on the integration of Whole Youth Development (WYD) in the education system and in preparation for the labour market. WYD entails spirituality, life skills, values, academic knowledge and social & emotional learning. This study explores the WYD gap among entry-level employees in the labour market.

The goal of this study was to provide data to enable reliable assessment of the values and competences possessed by youth in entry-level jobs against the competences demanded by work and life. Furthermore, the study also sought to provide a better understanding of the labour market, across different sectors, with respect to skills gap/shortages or mismatch. It is anticipated that the data from this study will provide an evidence-base for developing a responsive curricular for skills and training, as well as informing continued dialogue between industry, skills training organisations and tertiary institutions.

The study was conducted in 24 counties, which are home to over 85% of Kenya's formal sector business establishments (KNBS, 2017). **Fifteen industries including Agriculture, Wholesale & Retail, Construction, Human Health & Social Work and Information & Communications Technology (ICT) - which account for 90% of jobs in both formal and informal sector, were included in the sample.** Out of a sample of 8,500 respondents, 9,355 interviews were achieved. They included; 6,362 employed youth and 693 self-employed youth- all aged between 18- 30 years and 2,300 employers, in the formal and informal sector. Fifteen key informant interviews were also conducted.

From the findings, the Service industry accounted for 82.2% of all the employment opportunities, Manufacturing contributed to 14.6% of jobs, and Production absorbed a paltry 3.2% of the workforce. The study also reveals that while educational attainment had a higher premium in the formal sector compared to the informal sector, the requirement for technical skills was similar between formal and informal sector. Moreover,

78% of Kenya's population is aged below 35 years with a median age of 19 years

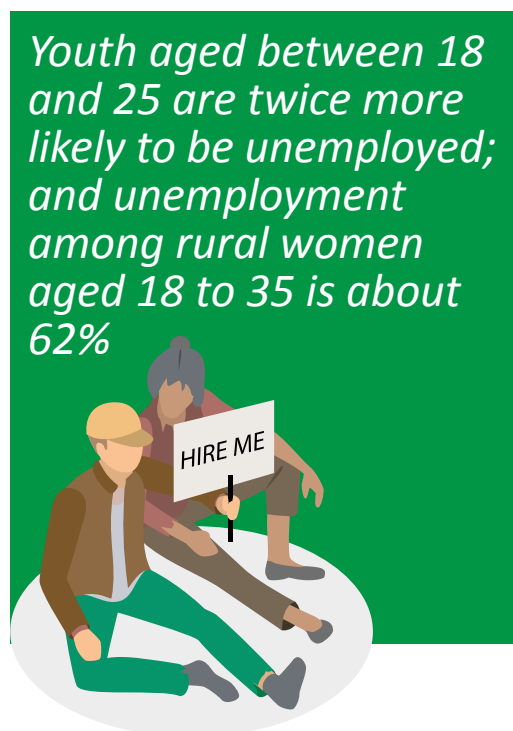


a majority of youth in entry-level jobs in the formal sector held a diploma qualification, while a majority of youth in entry-level jobs in the informal sector had a certificate, implying they had post-secondary training.

Employers look out for: education qualifications, soft skills, minimum work experience, technical skills, attitude and values, in that order, as they recruit their entry level staff. The study posits that, even with the prerequisite qualifications needed for an entry-level position, the youth cited that they were unable to acquire employment due to corruption, lack of required experience by employers and lack of capital to start their own businesses.

Employers in the formal and informal sectors demanded for life skills, core values, social-emotional skills and technical skills. In addition, employers in the formal sector demanded for marketing and sales while those in the informal sector demanded for literacy skills. Employees in the formal and informal sectors possessed life skills, core values, social-emotional skills and technical skills. Furthermore, employees in the formal sector possessed basic computing skills while those in the informal sector possessed literacy skills. Interestingly, there is a congruence between skills demanded and skills possessed by youth across most key sectors of the economy, with employers demanding more soft skills than technical skills. ***Marketing and sales, financial planning and management , life skills, and entrepreneurial skills were the top four skills identified by employers as lacking among youth in entry-level positions.***

Findings also reveal a high similarity index among the counties, thereby no spatial specialization by sectors. Wholesale & Retail, Education, Accommodation & Food, Construction and Other Service Activities were the major contributors of employment in both the formal and informal sectors across the surveyed 24 counties.



1.0 Background

According to the World Employment Social Outlook, young people under the age of 25 have a higher likelihood of being unemployed than adults. The global youth unemployment rate currently stands at 13%, meaning it is three times higher than the figure for adults, which is at 4.3% (ILO, 2018).

The youth unemployment rate in Africa is expected to exceed 30% by the end of 2019. (ILO, 2019). Northern Africa had the highest regional youth unemployment rate in the world at almost 30% in 2015, with little indication it would decline in the near future. Of the 38.1% estimated total working poor in sub-Saharan Africa, young people account for 23.5% (ILO, 2016a).

A survey conducted by the British Council on Youth Employment in Kenya, revealed that **the proportion of youth is steadily increasing and is currently estimated at 9.5 million - more than 20% of all Kenyans** (Hall, 2017). The youth population increase has an adverse effect on available employment opportunities resulting in inadequate means of earning a living. There are two approaches to defining unemployment: 1) through a demographic dimension, whereby the youth exceed the demands of the labour market 2) through a labour market dimension, whereby the rate at which the youth find jobs depends on how prepared the labour market is to receive them and their preparation for the labour market (Ezekwesili, 2009).



Youth unemployment rate in Africa is expected to exceed 30% by the end of 2019

Skill gaps and mismatches can be associated with lack of accessibility to tertiary education as well as the inability to provide the necessary technical and soft skills needed in the job market. A recent study conducted by CAP- YEI on “what employers think about soft skills”, reveals that; according to the majority of the employers (42.8%), lack of soft skills in potential employees is the key factor influencing the skills mismatch problem in Kenya, followed by negative attitudes (22.4%) and lack of technical skills (12.6%). **Kenyan employers prefer to hire staff from TVET institutions (33%), professional colleges (30%), local universities (28%), technical universities (22%), high school leavers (21%), Vocational Training Centres – VTCs (21%) and overseas universities (3%)** (Ondieki, Kahihu & Muthoni, 2019).

In 2018, the East Africa Institute of the Aga Khan University commissioned this study in an effort to assess entry-level skills and competences required by employers and entrepreneurs (demand) and skills and capabilities possessed by youth (18 – 30 years) entering the labour market (supply) across the key sectors, which employ the most youth. The study findings will be beneficial to a range of stakeholders such as employers in key industries, training institutions, and policy-makers and most importantly the youth joining the labour market. For instance, the outcomes will enable TVET trainers to understand better the entry-level skills and capabilities demanded by the world

of work for better adaptation of their curricula and instructional practice. Employers will also have a basis for influencing technical and vocational skills development in collaboration with training institutions and labour policy makers as they (employers) will have more clarity on their role and that of the workplace in training and skills development.

The findings will also provide a solid basis for influencing appropriate changes to prevailing policies and practices to entrench systematic engagement between TVET institutions and employers.

1.1 Structure of the Kenyan economy

From a macroeconomic level, the labour demand and supply are influenced by a wide array of factors such as education & skills levels, migration, age of the population, as well as domestic and international market dynamics. This in turn affects the growth in Gross Domestic Product (GDP), labour force participation rates and unemployment levels.

The Kenyan labour market is composed of three main industries, as shown in Figure 1 below:



Figure 1: Structure of the Kenyan Economy

Consistent with the Kenya Economic Survey 2019, the Service sector is the largest contributor to Kenya's GDP accounting for approximately 42.5% of the annual GDP; Production at 37%; while the Manufacturing sector accounted for 15.6% of the country's GDP (KNBS, 2019a).

1.2 Problem analysis

Youth unemployment is a major concern in Kenya with projections standing at 55%. Whilst the economy is only able to generate 800,000 jobs against an estimated 1 million young people joining the labour market every year, statistics show that a majority of Kenya's workforce is employed in the informal economy (about 12 million), with an estimated 1.3 million employed in the formal sector (USAID, 2014). 32% of the unemployed youth have post-secondary education whereas only one in every two graduates is employed (Awiti & Scott, 2016). This indicates that even with a high level of education among the youth, unemployment remains a crisis in the country.

As stated by Kevit Desai, The State Department for Vocational and Technical Training Principal Secretary, "reforms in the new TVET curricula seek to; embrace a dual training system that contains mandatory industrial training to mould a more skilled workforce, increase enrolment of students and enhance technical skills and entrepreneurship" (Mahandara, 2019). Conversely, TVET should also strive to instil employability skills that match the demands of the labour market to increase youth employability. Core work skills including learning to learn, communication, problem solving and teamwork, are of critical importance to both workers and the enterprises that employ them. Thus, enabling workers to attain decent work and manage change, and enabling enterprises to adopt new technologies and enter new markets (Brewer & Comyn, 2015).

Studies carried out across the globe reveal that soft/behavioural skills are key to gaining employment. For example, a study carried out in Lesotho reveals that employers rate soft skills (the "appropriate personal characteristics") as among the hardest to find in prospective employees. Among the soft skills sought out during recruitment of professionals or skilled workers, ***employers rate "punctuality, reliability, honesty and trustworthiness" as the most important.*** These skills, however, may vary across different sectors. For example, sociability (or "extraversion") has higher returns in the Service sector—specifically in sales jobs—than in unskilled manual work (Mathilde, Duckworth, Heckman & Kautz, 2011).

A report by CAP-YEI on soft skills reveals that the five most valued soft skills by employers are communication, integrity, discipline, teamwork and leadership (Ondieki, Kahihu & Muthoni, 2019). However, the skill sets and aspirations of Kenya's young generation are disconnected from the realities and demands of the actual labour market (Ndayambaje, Ntawiha, Ngigi & Ampofo, 2016). Hence, it would be critical for employers to work together with technical training institutions to ensure the youth are well equipped with the right skills. The Better Education for Africa's Rise II 2017–2021 (BEAR II project) Formulation report indicates that the Ministry of Education and Ministry of Labour envisage the setting-up of sectoral skills mechanisms addressing labour market demands and supply. However, these interventions have little or no private sector involvement, resulting in skills mismatch. Despite the availability of TVET policies, the mismatch is highly attributed to lack of strategic implementation plans in terms of monitoring and evaluation of training programs and courses offered based on how they meet labour market demand. Successful policy implementation will depend on inter-ministerial coordination, streamlining the regulatory (oversight) function, and developing monitoring and evaluation procedures (UNESCO, 2017).

While considerable literature exists on how to address core skills/soft skills through the educational curriculum, ***there is less material available to guide policy-makers on how to integrate core/soft skills into education and training systems*** (Brewer & Comyn, 2015). The CAP-YEI study that addresses the employers' view on soft skills creates the need for a national-scale evidence that integrates the perspectives of the youth and employers (Ondieki, Kahihu, & Muthoni, 2019).

1.3 Objectives of the study

The study had four broad objectives as detailed below:

1

To provide data to enable reliable assessment of entry-level skills and competencies required by employers and entrepreneurs (demand) and skills and capabilities possessed by youth entering the labour market (supply) across the key sectors which employ most youth

2

To provide employers with a basis for influencing technical and vocational skills development, working in collaboration with training institutions and labour policy makers

3

To provide TVET trainers with a better understanding of the entry-level skills and capabilities demanded by the world of work, to better adapt their curricula and instructional practice

4

To provide a clear understanding of what role employers or the workplace could play in training and skills development

2.0 Research Methodology

This chapter outlines the research strategy, research methods, sampling frame, data collection procedures, data analysis, ethical considerations and the research limitations of the study.

2.1 Research strategy

This mixed methods study employed a descriptive research design using the survey method. In addition to the data collected, a literature review was undertaken on the state of unemployment in Kenya and the role of TVET and employers in skills development. The review entailed an analysis of existing gaps in relation to the study objectives from previous published reports, articles, policy documents and pieces of legislation such as the KNBS Census of Establishments, annual Economic Surveys, TVET Act 2013, and TVETA Strategic Plan 2018 – 2022.

2.2 Research methods

2.2.1 Quantitative research

Quantitative research focuses on ***gathering numerical data through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques and generalizing it to explain a particular phenomenon*** (Babbie, 2010).

The study used a structured questionnaire to collect quantitative data. The questionnaire design phase entailed reviewing past reports and meetings with key stakeholders.

2.2.2 Qualitative research

Qualitative Research implies an ***emphasis on the qualities of entities and on processes and meanings that are not experimentally examined or measured (if measured at all) in terms of quantity, amount, intensity, or frequency*** (Denzin & Lincoln, 2005).

The primary focus of the qualitative research was to unravel the skills needed by employers in both the formal and informal sectors as well as to inform policy reforms.

There were 15 Key Informant Interviews (KIIs) aimed at collecting information from institutions currently involved in technical curriculum development as well as various federations/associations that employ youth in both formal and informal sectors. This was supplemented by round table discussions with human resource experts (both from the formal and informal sectors) and the youth (employed, unemployed & self-employed).

2.3 Survey instruments

The questionnaires design process included joint discussions with the research partners and government as well as peer review. The questionnaires sought out information on capabilities possessed by youth and those required by employers, skill gaps & mismatches in the labour market, the role of TVET and employers in skills development as well as practical assessment of youth competency in functional literacy, functional numeracy and digital learning.

The questionnaires were translated to Swahili to minimize language barrier between the enumerators and employers/employees working in the informal sector.

The survey employed six questionnaires, which included:

1. A questionnaire for employers in the formal sector;
2. A questionnaire for employees in the formal sector;
3. A questionnaire for employers in the informal sector;
4. A questionnaire for employees in the informal sector;
5. A questionnaire for self-employed youth;
6. An interview guide for Key Informant Interviews.

2.4 Sampling

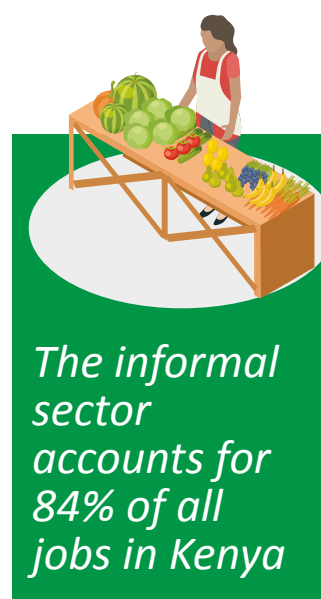
The survey employed purposive sampling. In this method, which belongs to the category of non-probability sampling techniques, sample members are selected based on their knowledge, relationships and expertise regarding a research subject (Etikan, Musa & Alkassim, 2016). This aimed at targeting the relevant study participants in relation to our study.

2.4.1 Selection of counties and sectors for the survey

Selection of counties and sectors to be included in the survey was based on the following:

1. According to the Census of Establishment 2017, Kenya has 138,190 formal sector (public and private) establishments across its 47 counties. The top twenty counties including Nairobi, Mombasa, Kiambu, Nakuru, Uasin Gishu, Kisii, Kisumu and Meru, account for over 75% of all registered enterprises in Kenya. The top five (**Nairobi, Mombasa, Kiambu, Nakuru and Uasin Gishu**) are home to 50% of registered businesses, with Nairobi controlling 36% of the enterprises;
2. The informal sector accounts for 84% of all jobs in Kenya. 65% of informal jobs are in the rural areas while 35% are in the urban areas. The largest industry in the informal job sector is Wholesale & Retail (60%), followed by Manufacturing (20%). The third largest industry is Personal services (9.7%). Transport & Storage and Construction account for 3% and 2.5% respectively. Other, undifferentiated industries account for 4.5% of informal sector jobs;
3. In the formal sector, the sampling intensity was informed by the proportionate contribution of the 10 industries, which account for 90% of jobs in the formal sector;

To determine the spatial distribution of the sampling effort across the 47 counties, the following was taken into account: i) population; ii) number of households; iii) land area; iv) population density; v) number of establishments. K-means clustering was used to partition the 47 counties in five clusters of similar counties based on the five variables.



The 24 selected counties included Isiolo, Mombasa, Kilifi, Kwale, Kiambu, Nyeri, Murang'a, Nairobi, Narok, Kisii, Kisumu, Homabay, Garissa, Meru, Machakos, Kitui, Kakamega, Bungoma, Nakuru, Uasin Gishu, Kajiado, Trans Nzoia, Laikipia and Turkana.

2.4.2 Sample Frame

Formal sector employers and employees

The sample included 1,000 organizations/employers and 3,000 employees. The sample was proportionately distributed across the 24 counties guided by the KNBS Census of Formal Establishments, (2017). In each sampled establishment, the interviews targeted three entry-level staff (18- 30 years) and a representative of the employer such as the owner, director, manager, supervisor or human resource officer.

Out of the target of 3000 employees and 1000 organizations, 3267 employees and 1138 organizations were interviewed respectively.

Informal sector employers and employees

The sample included 1,000 businesses/employers and 3,000 employees. However due to insufficient data on the spread of informal establishments by county, the 1000 organizations were purposively sampled in the 24 counties. Similarly, in each sampled establishment the interviews targeted three entry-level staff and a representative of the employer – such as the owner, manager, or supervisor.

Out of the target of 3000 employees and 1000 organizations, 3095 employees and 1164 organizations were interviewed respectively.

Self-employed youth

Self-employed youth were defined as youths between 18 – 30 years who were engaged in both formal and informal individual enterprises. ***693 self-employed youths were interviewed across 24 counties, exceeding the target of 500.*** Owing to lack of data on the distribution of self-employed youths by county, the 500 sample was proportionately distributed across the 24 counties guided by the KNBS census of formal establishments in both formal and Informal sectors.

2.5 Selection and training of enumerators

Enumerators selected for the study were interviewed through a strict criterion. All the enumerators had post-secondary education with most of them having undergraduate degrees in social sciences and 2 years of work experience in research. Prior to the actual data collection, a centralized two-day training workshop was carried out in Nairobi on 14th- 15th February & 18th- 19th February, 2019; with the primary goal of familiarizing the team with the survey background, rationale, objectives, protocols, research ethics, questionnaire layout and interpretation in order to ensure uniformity during the data collection. The training guideline also included the use of ODK data collection kit (CAPI- Computer Assisted Personal Interviews), which was a digital method of collecting data.

2.6 Pre-test

A **two-day pre-test of the study questionnaires was conducted in Nairobi County** on 16th and 18th February 2019 in both informal and formal sector establishments. The supervisors, quality control officers, and AKU representatives accompanied the enumerators during the pre-test. A further pilot of the data collection tools was conducted in the other counties on 20th February 2019.

2.7 Data analysis

The survey had both qualitative and quantitative data; whereby the quantitative data was analysed through descriptive statistics and inferential statistics while the qualitative data gathered from Key Informant Interviews was analysed through content analysis. With this analysis, data gathered is categorized into themes and sub-themes, to allow comparability (Moore & McCabe, 2005).

2.8 Data quality

To ensure data quality throughout the data collection and analysis, data cleaning involved checking the questionnaire completeness, clarity of responses and accuracy. In order to ensure quality control, **AKU staff were deployed to the various counties for supervision**.

2.9 Ethical considerations

The Aga Khan University (AKU) drafted an introduction letter that expressed the purpose of the study to the target respondents (employers and employees). It also sought permission to interview the various establishments as well as introduce the enumerators.

The **enumerators sought consent from each of the respondents before engaging them**. The consent indicated that the participation was voluntary and confidential and that there were no benefits/compensations/risks associated with the study.

As a measure of confidentiality and/or anonymity, no identifiers were used that could link individual participants with the information they provided. However, **participants were informed of the intention to use the findings from the study for publication and to inform policy**.

2.10 Research limitations

1. **Bureaucracy and refusal of some target respondents** and establishments to take part in the study. Among the reasons given especially by branch offices was delays in getting approval from the headquarter offices since their subsidiary could not authorize the study. Such bureaucratic procedures occasioned delays during data collection;
2. **Respondents pulled out of the interview midway** alluding that the questionnaire was too long and they needed to attend to some urgent matters;
3. **Last minute cancellation** or rescheduling of appointments— mostly this was prevalent in the formal establishments and informal ones that had an established structure;
4. **Getting entry-level employees** aged 18 - 30 years was challenging— most of the

respondents particularly in craftworks and artisans were above 30 years. Furthermore, some of the sampled establishments had not employed any entry-level staff within the last two years;

5. **GPS capturing was problematic in some counties.** In some instances, it took more than 20 minutes to capture the recommended GPS accuracy;
6. **Securing appointments with formal organizations/establishments** took slightly longer than anticipated;
7. **Getting three entry-level staff in one organization** was quite rare;
8. **Extreme weather conditions**, especially scorching sun in Turkana, Garissa, Kitui, Machakos, and Mombasa counties;
9. **Some of the employers were not willing to participate** in the survey albeit allowing their employees to participate.

3.0 Analysis

3.1 Workforce profile

3.1.1 Level of education in the workforce

It is highly believed that education guarantees a better job and a stable life; however, this might not be the case. Figure 2 below shows that 71.2% of entry-level staff in the informal sector have either secondary education (38.1%) or tertiary education i.e. TVET/college (33.1%) as their highest level of education attained; whereas 50% of employees in the formal sector had tertiary education as their highest level of education. University graduates on the other hand were a smaller proportion at 19.1% in the formal and 4.9% in the informal sectors.

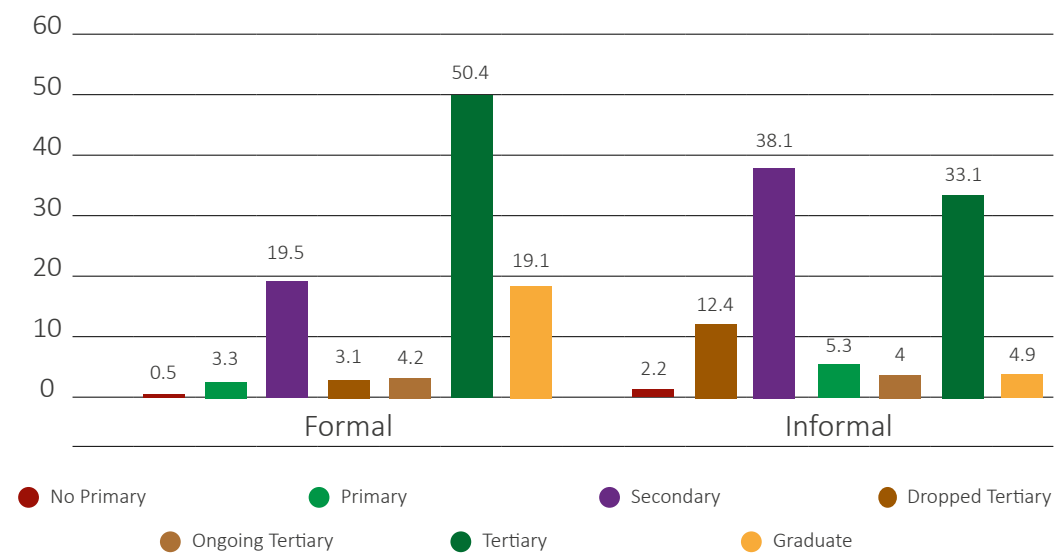


Figure 2: Level of education in the formal and informal sectors

The level of education of employees was skewed towards certain industries. Information, Communications & Technology (ICT), Public Administration, Financial & Insurance activities, Professional, Scientific & Technical activities mostly attracted university graduates while Education, Health, Transport and Manufacturing mostly attracted TVET graduates. Youth with no post-secondary training were mostly employed in the other industries as shown in Figure 3 below.

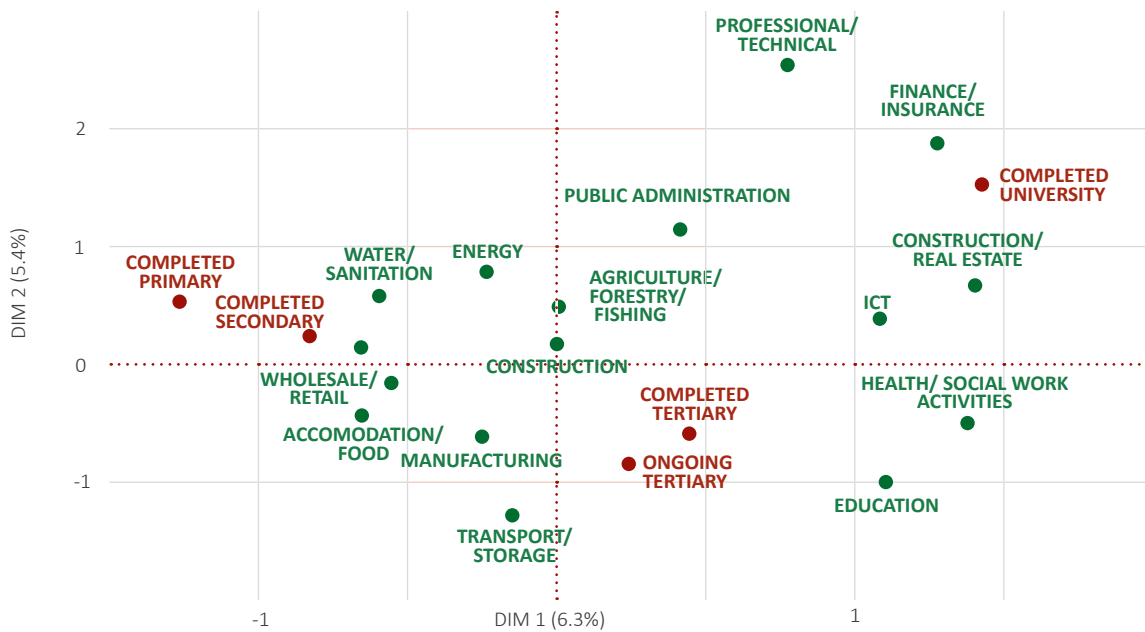


Figure 3: Level of education across the industries

Figure 4 below shows the level of education of both employers and employees in the labour market. A higher proportion of employers had completed university as compared to employees, while most employees had completed primary and secondary education. An equal measure of both employers and employees had completed tertiary education

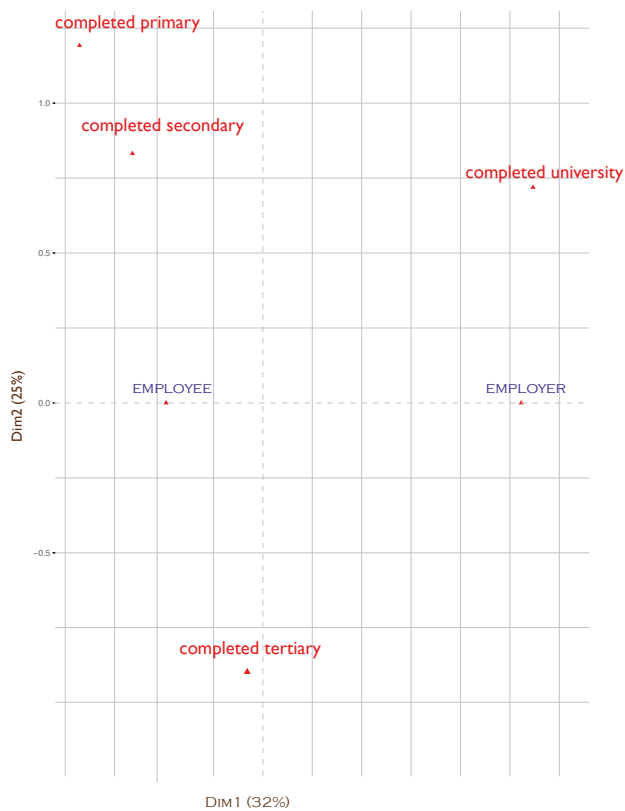


Figure 4: Level of education among employers and employees

3.1.2 Level of technical training

The Kenyan workforce reveals a homogenous sequence in the level of technical training across the formal and informal sectors. The formal sector consists of 88.4% skilled and 11.6% unskilled workforce whilst the informal sector has 70.2% skilled and 29.8% unskilled workforce (Figure 5).

Among the skilled employees, 51% of formal and 40% of informal entry-level staff have attained either a diploma or a certificate as the highest level of professional training.

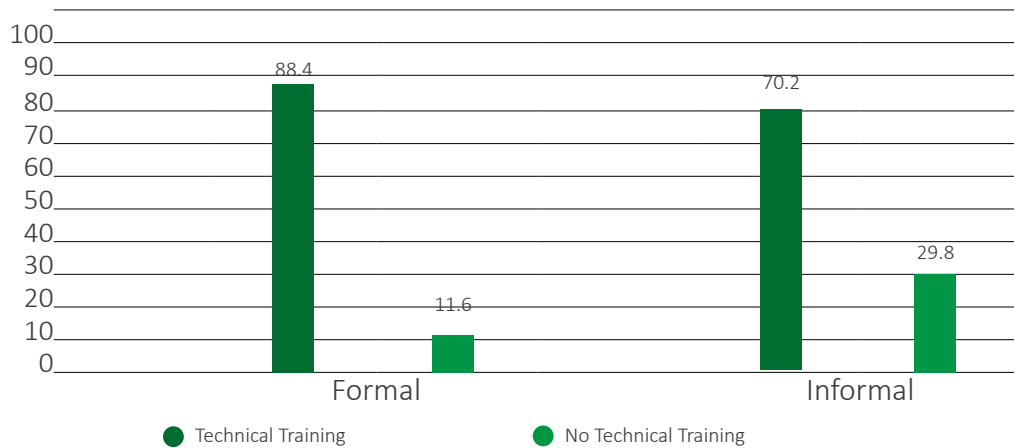


Figure 5: Proportion of skilled and unskilled workforce in the labour market

3.1.3 Level of income

The survey reveals that more than 50% of the youth interviewed attributed an ideal job to good income and stability/job security as illustrated in Figure 6 below:

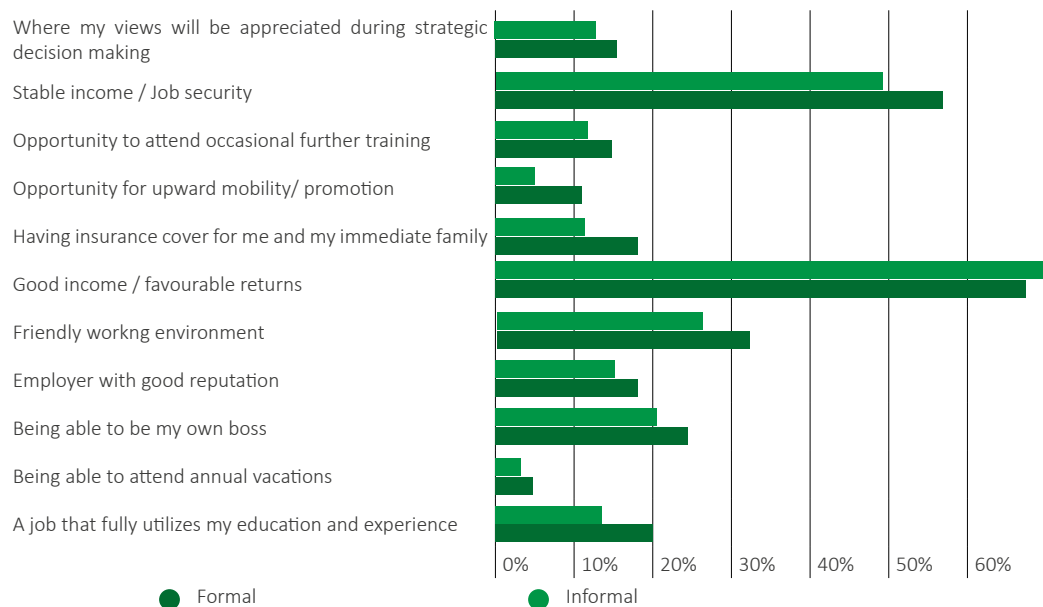


Figure 6: Attributes of an ideal job for entry-level Employees

The Regulation of Wages (General) (Amendment) Order (2018) outlines that the Basic Minimum Monthly Wages (exclusive of housing) is 13,572 KES/month. The regulations are consistent with the survey findings in Figure 7 below, showing that 74% of entry level staff in the formal sector earn between KES 10,001 – 50,000 (USD 100- 500) per month; whereas 81% in the informal sector earn a monthly income of KES 5,001- 25,000 (USD 50- 250) from their entry level jobs. This may thereby explain the unwillingness of educated youth to work in the informal sector. Notably, less than 0.5% of employees in both the formal and informal sectors earn above KES 100,000 (USD 1000). Those who were self-employed had a higher income than the employed youth with 7% earning between KES 50,000 – 100,000 (USD 500- 1000) and 1% earning above KES 100,000 (USD 1000).

In addition, **22% of employees in the formal and 15% in the informal sectors supplement their incomes through side jobs, such as their own businesses, part time jobs, family businesses or consultancy.**

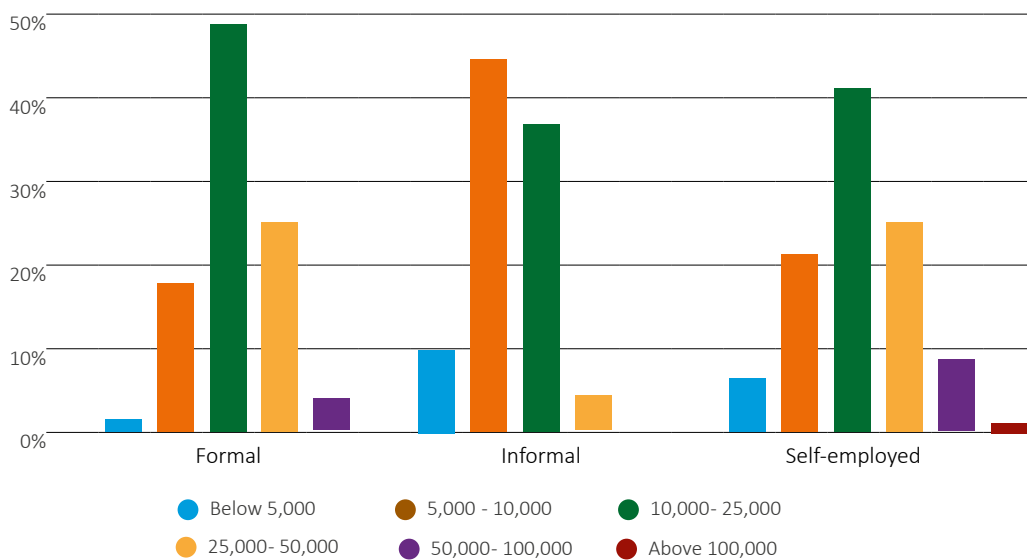


Figure 7: Income levels for the formal, informal and self-employed youth

3.1.4 Entry level requirements

Employers in the formal and informal sectors look out for education qualifications, soft skills, minimum work experience, technical skills, attitude and values in that order as they recruit their entry-level staff as illustrated in Figure 8 below.

It is interesting to note that unlike the formal sector, the informal sector prioritizes more on soft skills than education qualifications. Similarly, technical skills are more critical for employment in the informal sector than in the formal sector whereas minimum work experience is prioritized in the formal sector.

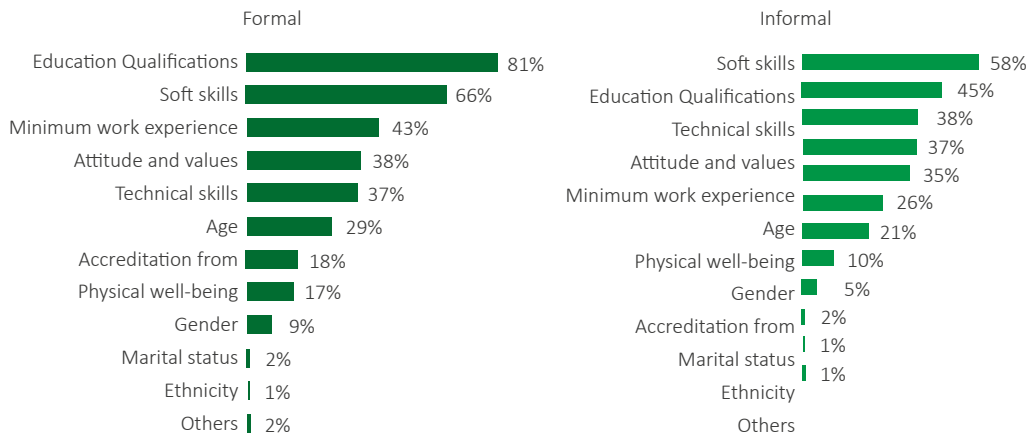


Figure 8: Entry-level requirements in the formal and informal sectors

3.1.5 Entry level recruitment methods

In the current job market, **referrals and social networks (friends and family) were cited to be the most common forms of recruitment in both the formal and informal sector**, standing at 87% in the formal and 81% in the informal sector as shown in Figure 9 below. Other forms of recruitment in the formal sector were job advertisement, cold calling, internal recruitment, recruitment agency, career fairs, and partnerships with training institutions.

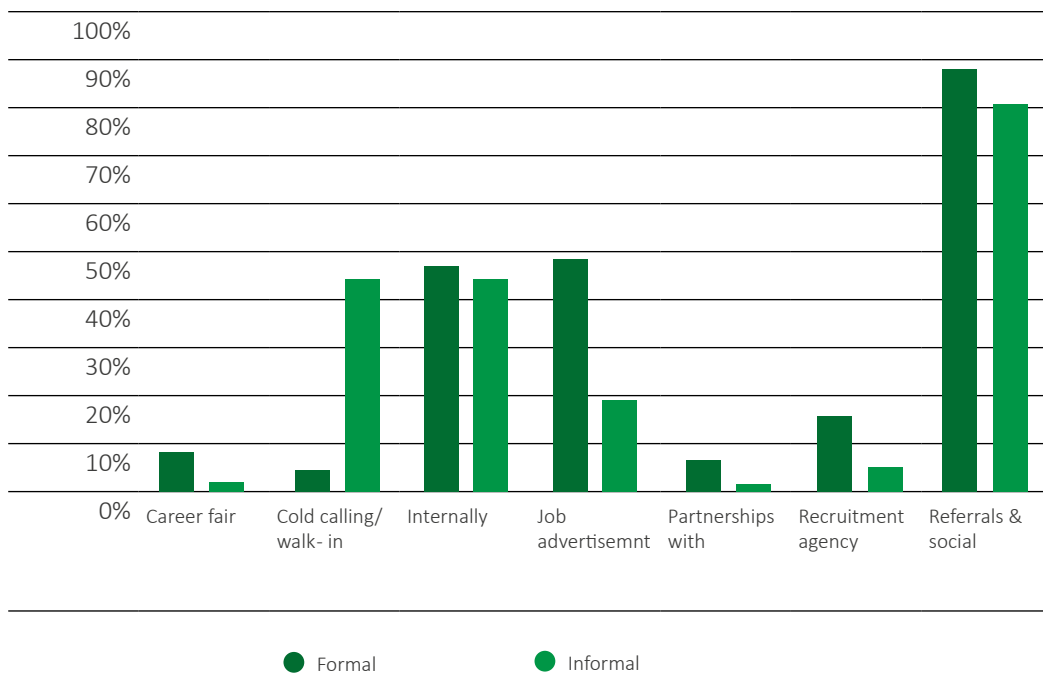


Figure 9: Recruitment methods for entry-level positions by employers

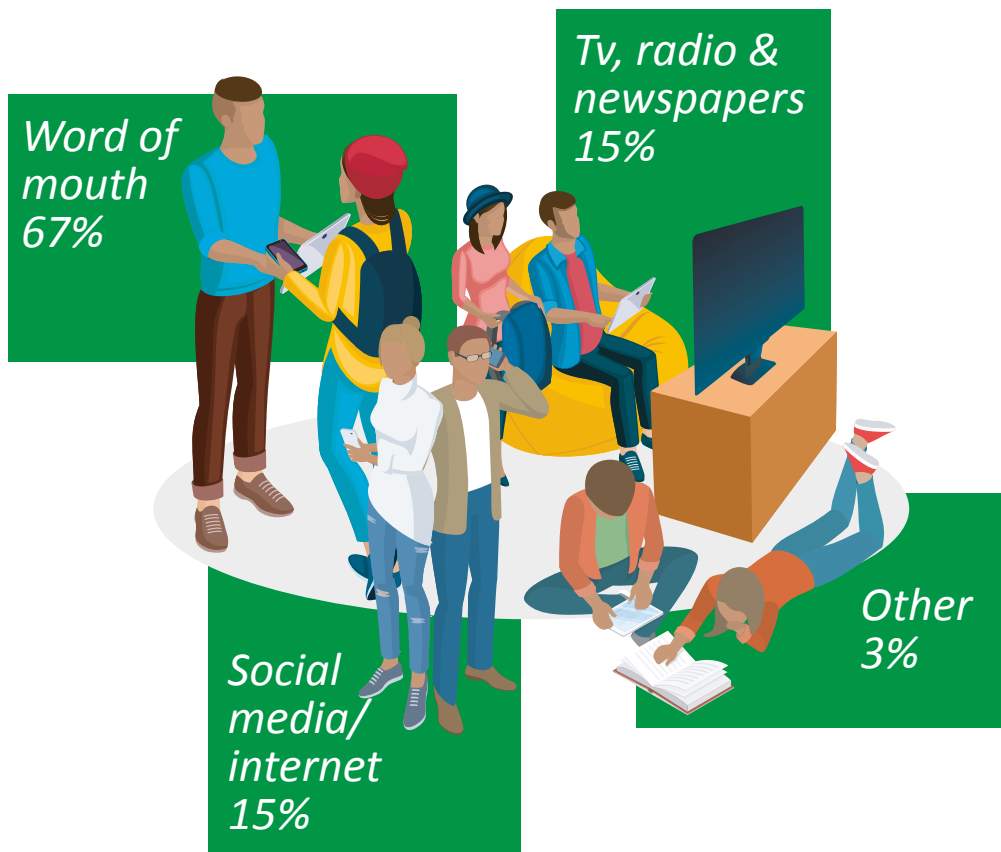


Figure 10: How the youth access information on job opportunities in Kenya

3.1.6 Entry level positions

The formal sector mostly employs the youth in:

1. Management- as assistants (44%), junior executives (38%), graduate trainees (18%), software/web developers (18%), service attendants (3%) e.g. waiters, laundry etc. and others (13%);
2. Non-management- as support staff (57%) e.g. receptionists, administrative assistant, office messengers, drivers etc., cashiers (36%), customer care (32%), sales executives (31%), clerks (26%), artisans (15%), technicians (12%), crafts (9%), teachers/trainers (8%), call centre agents (7%), trainer of trainers (5%), community nurses (4%), researchers (3%), others (5%).



Figure 11: Most available Entry-level positions in the formal sector

The informal sector mostly employs youth as/in;

1. Wholesale & Retail in agro-vets, chemists, hardware shops, supermarkets, M-Pesa shops etc. as salespersons and cashiers (28%)
2. Informal Services and Transport & Storage as matatu conductors and drivers, taxi drivers, boda-boda riders (22%)
3. Construction as technicians, engineers, mechanics, electrical technicians, draughtsman, builders, brick makers, plumbers (17%)
4. Artisans & craftsmen e.g. woodworkers, potters (17%)
5. Food and Beverage as bakers, cooks, food kiosks attendants (14%)
6. Teacher/trainer (9%)
7. Subsistence farmers, graders (4%),
8. Street traders (2%)
9. Small-scale miners (1%),
10. Others (6%)

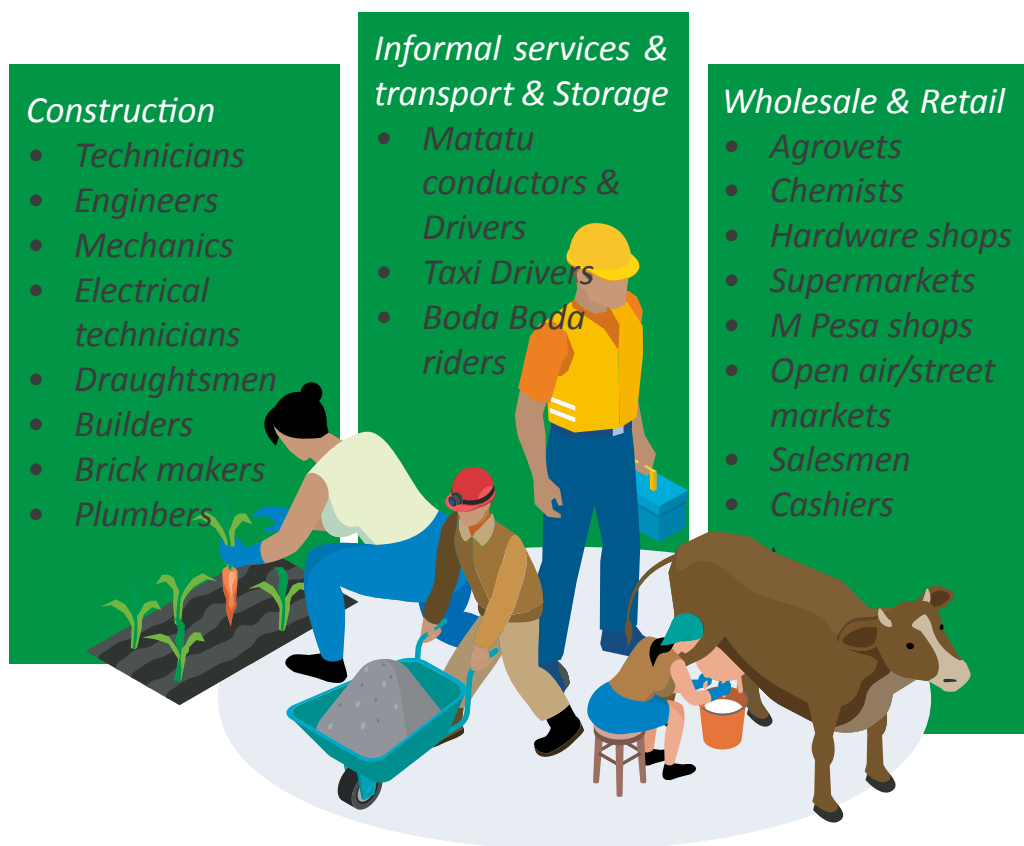


Figure 12: Most available Entry-level positions in the informal sector

3.2 Distribution of employment opportunities in the regions/ counties

The Kenyan Economy is homogenous across all the regions/counties. There is no spatial specialization by sector across the counties. Wholesale & Retail, Education, Construction, Accommodation & Food and Other Service Activities were the major contributors of employment in both the formal and informal sectors across the surveyed 24 counties.

As indicated in the KNBS, Gross County Product Report (2019b), Accommodation & Food was among the least contributors to GDP (0.7%) as compared to other sectors. The results from this study, (considering potential sampling bias), an estimated 7.3% of the youth surveyed were employed in this sector. On the other hand, Production (Agriculture), which accounts to 34.2% of the GDP, employed 3% of the youth sampled. These findings are consistent with other data, for example, the Kenya Youth Survey revealed that only 11% of youth would like to work in the Agriculture sector (Awiti & Scott, 2016). Moreover, the proportions of youth employment in the sampled sectors (Table 1) are also consistent with national economic data (KNBS, 2019a).

Table 1: Employment opportunities across the sectors

Item	CONST	ICT	EDU	IREL	TRN	MANF	AG/F	AC/FD	WR	FIN	TCH	H/S	OTHER	ENGY	WASH	EXTR	PADM
Employee	9.1	3.1	17.8	0.1	2.1	3.6	3.1	7.3	31.2	3.9	2.9	3.6	9.6	1.2	0.7	0.1	0.6

An analysis of Nairobi, Kitui, Turkana, Mombasa and Garissa, which represent diverse regions in the country in terms of population, land size and socioeconomic structure, revealed that the Kenya's employment structure is homogenous across the counties. For example, Table 2 shows the probability of encountering a youth employed in an industry such as Education in Nairobi (0.185) is similar to that of Kitui (0.215), Turkana (0.261), Mombasa (0.213) and Garissa (0.157). This observation is reflected across most industries in the various counties.

Table 2: Probability of encounter across the counties

Item	CONST	ICT	EDU	IREL	TRN	MANF	AG/F	AC/FD	WR	FIN	TCH	H/S	OTHER	ENGY	WASH	EXTR	PADM
Employee NAIROBI	10	2.6	18.5	0.1	1.9	4	2.7	6.9	33.9	3.5	2.7	2.8	8.4	1.3	0.6	0	0.2
Employee KITUI	6.3	3.8	21.5	0	0.6	5.1	3.2	10.1	29.7	3.2	0.6	3.8	9.5	0	2.5	0	0
Employee TURKANA	2.9	1.4	26.1	2.9	2.9	2.9	1.4	5.8	23.2	7.2	2.9	8.7	8.7	0	2.9	0	0
Employee MOMBASA	10.2	3.4	21.3	0	2.5	4.3	3.1	6.5	29.6	2.5	3.1	4	6.8	0	0.9	0	1.9
Employee GARISSA	9.1	3.1	17.8	0.1	2.1	3.6	3.1	7.3	31.2	3.9	2.9	3.6	9.6	1.2	0.7	0.1	0.6

Euclidean similarity distance¹ between counties in relation to industry-presence among informal employees reveals that Kisumu and Kajiado exhibited the longest distance as shown in Figure 13 below. This is explained by the fact that Kisumu had an overwhelming proportion (50%) of employees in Accommodation & Food industry among informal employees, while Kajiado had 78% of informal employees in the Wholesale & Retail industry.

1 Euclidean distance is a proximity measure also known as simply distance. It is the length of the path connecting two points when data is dense or continuous.
<https://dataaspirant.com/2015/04/11/five-most-popular-similarity-measures-implementation-in-python/>

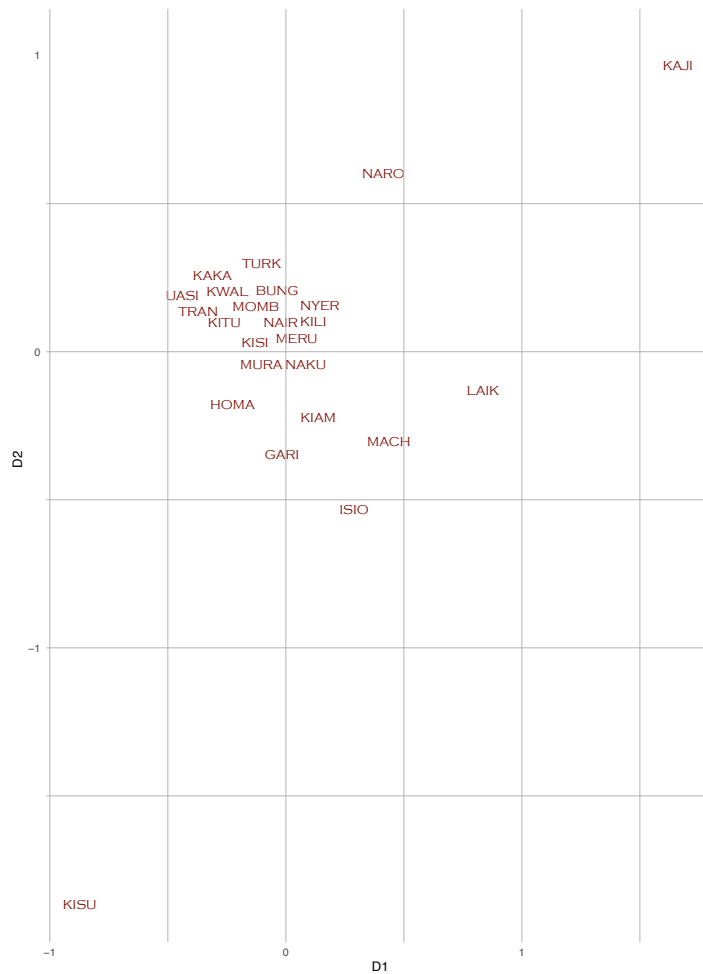


Figure 13: Euclidean similarity distance between counties in relation to sector presence among informal employees

3.3 Distribution of employment opportunities in the Service, Manufacturing and Production industries.

The data suggests that the Service industry contributed the highest proportion of employment opportunities among the youth at 82.2%. Manufacturing contributed to 14.6% of jobs, whereas Production absorbed a paltry 3.2% of the workforce as shown in Figure 14 below. These findings are consistent with the economic survey data (KNBS, 2019a), which reveals Service industries like Wholesale & Retail, Transport & Storage, Accommodation & Food and Information & Communications Technology (ICT) having recorded the most rapid growth.

The survey also reveals that the top sectors absorbing the largest workforce were: Wholesale & Retail (31.2%), Education (17.8%), Other Service activities (9.6%), Construction (9.1%) and Accommodation & Food (7.3%).

Among them, Wholesale & Retail, Education, Accommodation & Food and Other Service activities, (which were in the “Service industry” category) accounted for 65% of the employment opportunities.

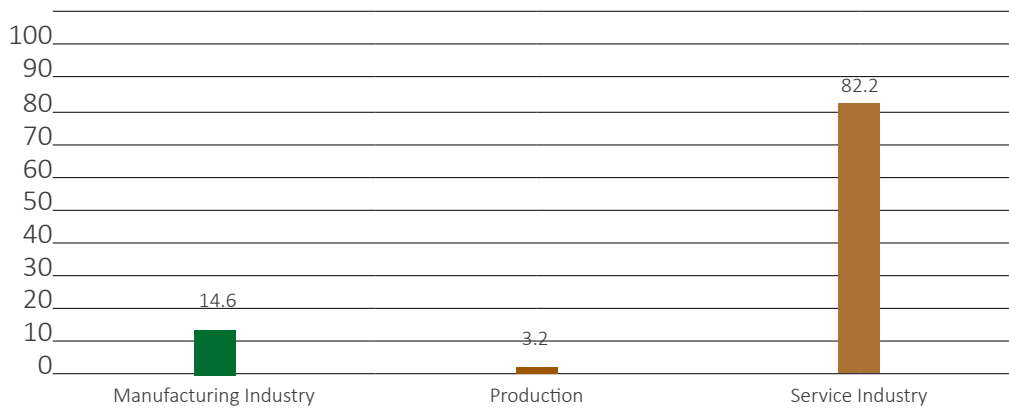


Figure 14: Proportion of Youth workforce across the industries

3.4 Underutilization of technical skills in the Manufacturing industry

The Kenyan labour market is associated with slow growth in the Manufacturing industry leading to low job creation and non-permanence of jobs. Findings posit uniformity in the level of technical training in both the formal and informal sectors, with formal sector consisting of 88.4% skilled and 11.6% unskilled workforce, and the informal sector consisting of 70.2% skilled and 29.8% unskilled workforce.

The skill levels of entry-level staff in the three main industries, as shown in Figure 15 below were:

1. **Service** - (formal employees - 90% skilled; 10% unskilled and informal employees - 69.5% skilled; 30.5% unskilled)
2. **Manufacturing** – (formal employees – 81.2% skilled; 18.8% unskilled and informal employees – 63.2% skilled; 36.8 unskilled)
3. **Production** i.e. Agriculture- (formal employees- 92.6% skilled; 7.4 % unskilled and informal employees- 68.6% skilled; 31.4% unskilled)

The proportion of skilled workforce across the three main industries indicated that a majority of skilled youth mostly find more opportunities in Service as compared to Manufacturing or Production (i.e. Agriculture).

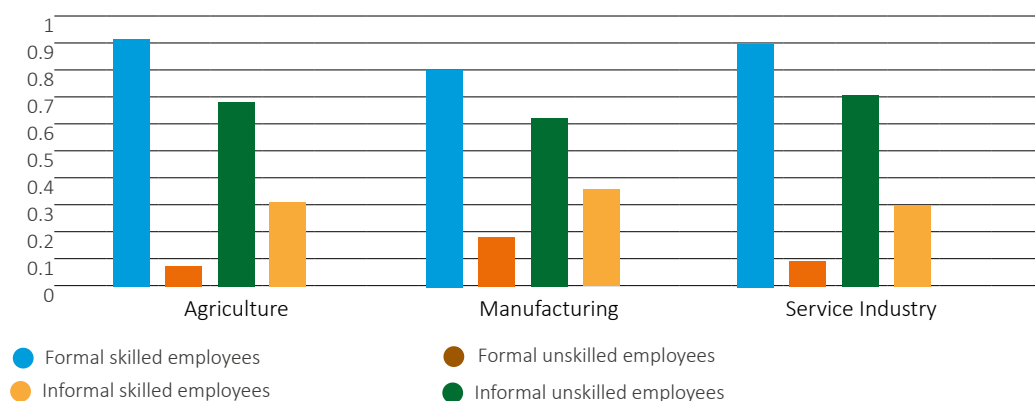


Figure 15: Proportion of skilled and unskilled workforce in the Manufacturing, Production and Service Industries

3.5 Workforce mobility

Our study surveyed employees between the ages of 18- 30 years. The workforce mobility² structure reveals that the higher the age and the level of education, the more mobile the youth are in terms of changing jobs.

As illustrated in Figure 16 below, university graduates between the ages of 27 – 30 years had held two jobs prior to the survey, whereas most of those who had completed secondary school were in their first entry-level job. Most TVET/college graduates between the ages of 23 – 26 years had only one previous employer.

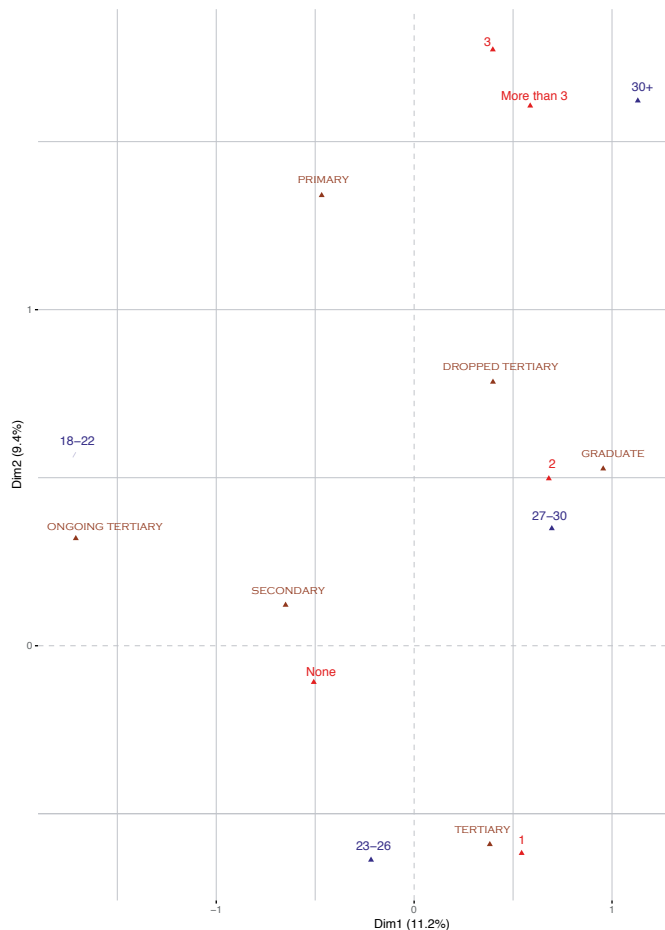


Figure 16: Workforce mobility: Age vs level of education vs number of jobs held

3.6 Gender participation in the workforce

3.6.1 Gender distribution in the workforce

Gender equality in employment has been a major discussion in Kenya with males highly dominating the workforce. As shown in Figure 17, among the surveyed employees, there were 41.5% females and 58.5% males. Employers had an even bigger gender gap with 31.1 % females and 68.9 % males.

² Workforce Mobility in this case refers to the change of jobs from one organization to another.

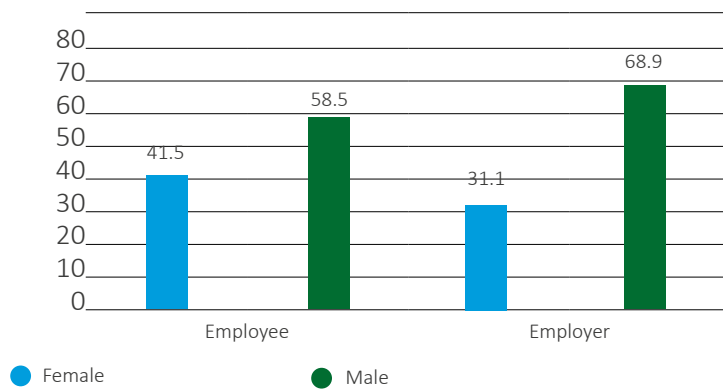


Figure 17: Gender distribution in the workforce

The proportion of females to males is inversely proportional to the size of the organization. As the size of the organization increases, the proportion of females to males decreases. From the findings, micro establishments with (<5 employees) had a proportion of 39.3% female against 60.7% males, small sized organizations (10-99 employees) had a proportion of 24.8% female against 75.2% males whereas large-sized organizations (250+ employees) had 18.5% females against 81.5% males, as illustrated in Table 3 below:

Table 3: Proportion of females and males across organization sizes

Item	Female	Male
Micro (>5)	39.3	60.7
Micro (6-10)	31.2	68.8
Micro (<10)	31.7	68.3
Small (10-99)	24.8	75.2
Medium (100-249)	21.3	78.8
Large (250+)	18.5	81.5

3.6.2 Gender participation across the industries

Gender participation is skewed towards certain economic activities. Whilst males dominate most sectors, females are dominant in Education, Accommodation & Food, Health & Social Work and Other Services Activities as indicated in Figure 18.



Figure 18: Gender participation across the sectors

3.7 Skills demand and supply in the workforce

3.7.1 Critical skills needed to perform an entry-level job (employer and employee perspective)

As illustrated in Figure 19, both employers and employees agree that critical skills needed to perform an entry-level job were marketing and sales, entrepreneurship, core values and numeracy skills across the workforce. In addition, employers felt that technical skills, social-emotional skills and literacy skills were critical while employees pointed out life skills and basic computing skills

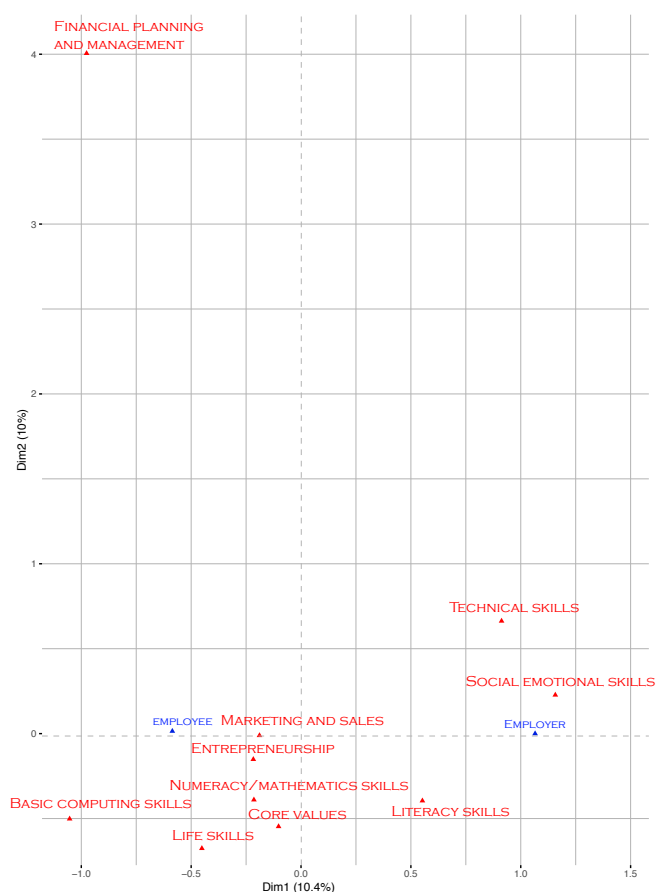


Figure 19: Critical skills needed to perform an entry-level position (employer and employee perspectives)

3.7.2 Critical skills demanded by the employer

Formal sector

The top five skills demanded by formal employers from their entry-level employees were life skills (88%), core values (77%), social-emotional skills (50%), technical skills (43%) and marketing and sales (36%).

Four out of the top five critical skills demanded by formal employers were to some extent possessed by the entry-level staff. They included life skills, core values, social-emotional skills, and technical skills. However, most entry-level staff lacked marketing and sales skills.

Informal sector

The top five skills demanded by informal employers from their entry-level employees were life skills (87%), core values (81%), social-emotional skills (55%), technical skills (45%), and literacy skills (29%).

There was a total congruence between the top five critical skills possessed by entry-level staff in the informal sector and those needed by employers in the various industries. They included life skills, core values, social-emotional skills, technical skills, and literacy skills.

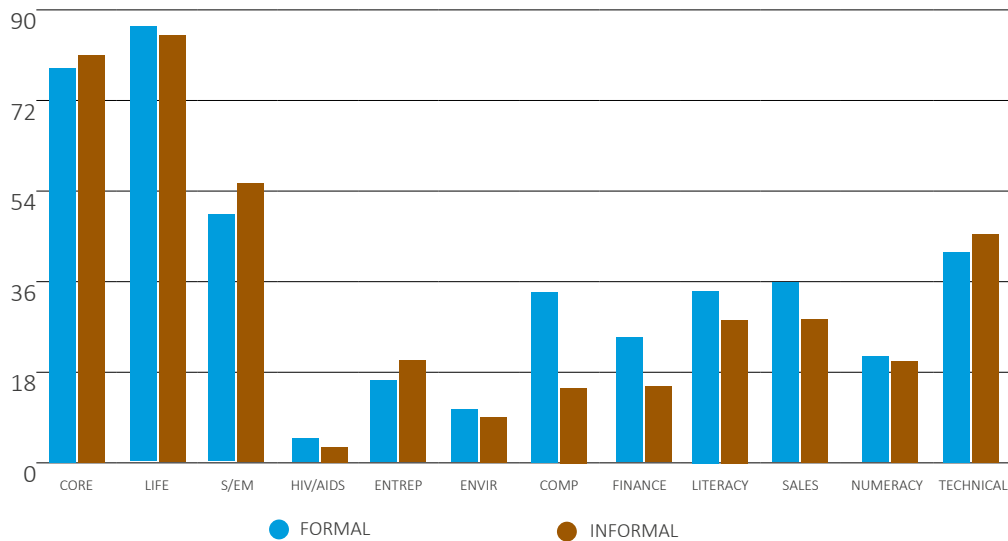


Figure 20: Critical skills demanded by employers (formal and informal sectors)

The skills demanded by employers in the top industries employing the most youth included: life skills, core values, social-emotional skills, entrepreneurship, marketing and sales, literacy skills and technical skills. The skill demand was skewed towards certain industries based on the degree of specialization as shown in Figure 21 below.

Wholesale & Retail industry mainly demanded entrepreneurship skills; Education demanded literacy skills; Construction demanded technical skills; while Finance and Insurance activities demanded for financial planning & management as well as literacy skills.

Information & Communications Technology (ICT) and Accommodation & Food services did not demand for highly specialized skills. Soft skills such as life skills, core values and social-emotional skills were demanded in equal measure across all the industries.

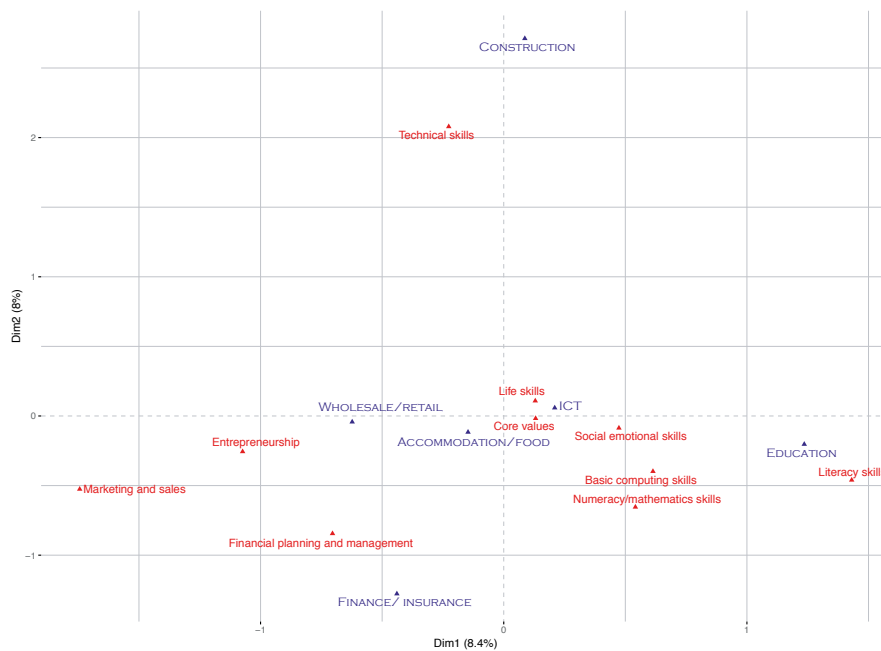


Figure 21: Skills demanded by employers across key industries employing the most youth

3.7.3 Skills possessed by entry-level employees

Outcomes from our survey show that employees working in the formal sector mostly possessed the following skills: life skills (84%), core values (74%), social-emotional skills (51%), basic computing skills (37%) and technical skills (37%). On the other hand, those employed in the informal sector possessed life skills (85%), core values (77%), social-emotional skills (55%), technical skills (43%) and literacy skills (30%).

Furthermore, the top five skills possessed by entry-level staff in the formal and informal sectors were largely similar apart from basic computing skills, which was more evident in the formal sector, and literacy skills in the informal sector.

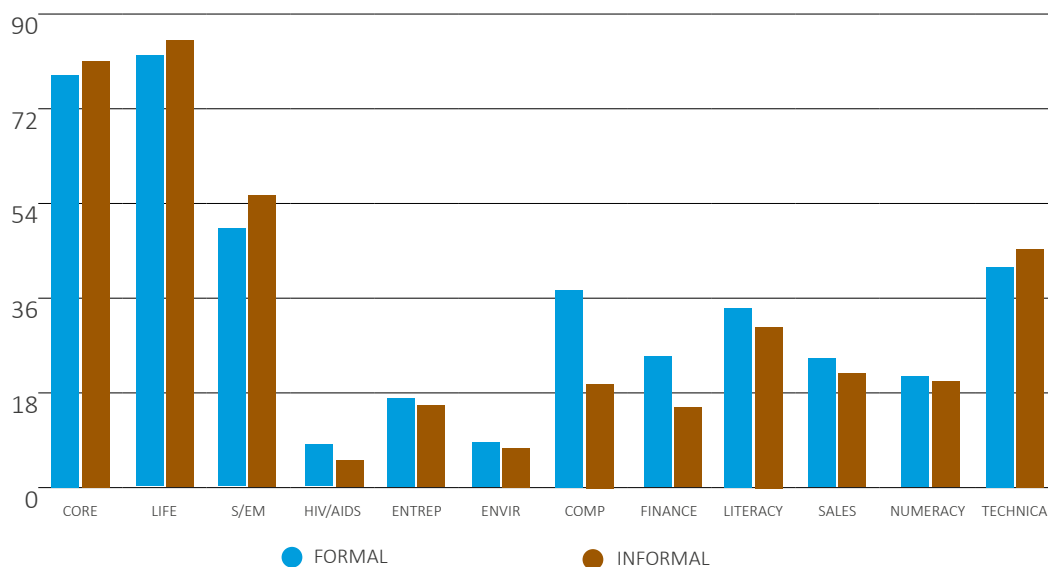


Figure 22: Critical skills possessed by employees (formal and informal sector)

Employees mentioned that life skills, core values, social-emotional, technical, basic computing and marketing and sales skills were the most important to their employer in respect to their jobs. Basic computing skills were mostly important to the formal sector employer while marketing and sales was to the informal sector.

The skill supply across the top industries employing the most youth is skewed towards certain industries. That is, employees in the Financial & Insurance activities possess financial planning and management skills, those in Construction possess technical skills, while those in Education possess basic computing, numeracy and literacy skills. Accommodation & Food and Wholesale & Retail industries were not highly specialized; therefore, the employees possess mainly the soft skills. Employees across all the industries possess soft skills (core values, social-emotional and life skills) as shown in Figure 23 below.

There is congruence between skills demanded and skills possessed by youth across each of the key industries of the economy, with employers demanding more soft skills than technical skills.



Figure 23: Skills possessed by employees in the key industries employing the most youth

3.8 Skill Gaps & Mismatches

3.8.1 Skills lacked by entry-level employees in the workforce

From an employee and an employers' perspective, among the skills lacked in both the formal and informal sectors were marketing and sales, technical skills, financial planning and management, life skills and entrepreneurship.

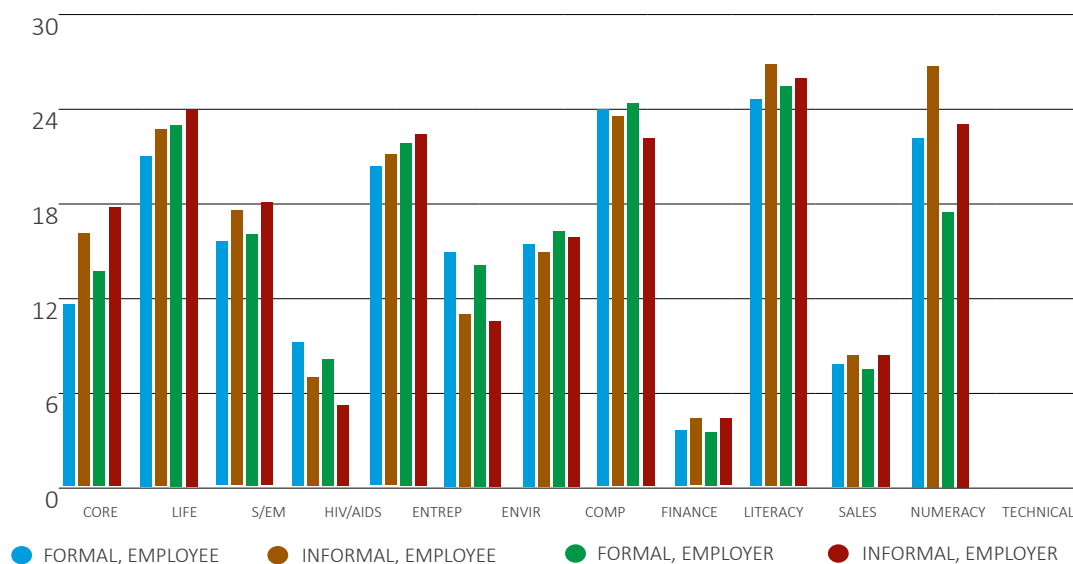


Figure 24: Critical skills lacked by entry-level employees in the formal and informal sectors (employer and employee perspectives)

3.8.2 Skills lacked by entry-level employees in Key industries employing the most youth

Specific to sectors, employees in Education had inadequate literacy skills, those in the Financial & Insurance activities lacked technical and finance planning and management skills, while entrepreneurship skills were lacking in both Wholesale & Retail and Accommodation & Food services. Marketing and sales, core values, life skills, numeracy, basic computing and social-emotional skills were lacking across all the industries, as shown in Figure 25 below.

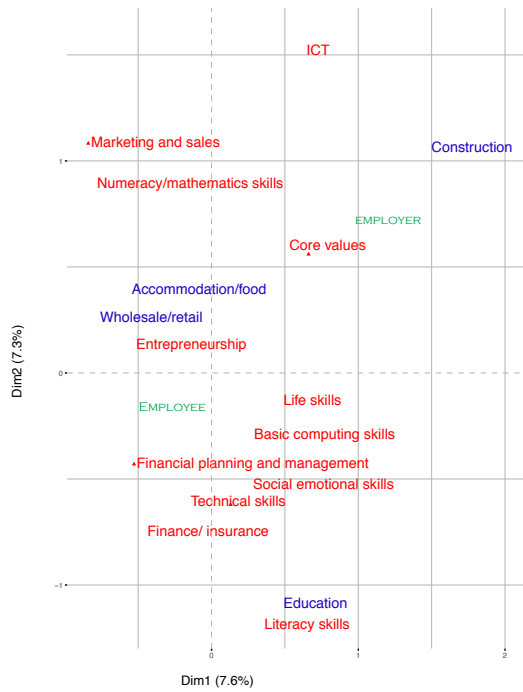


Figure 25: Critical skills lacked by entry-level employees in key industries employing the most youth

Figure 26 below reveals an analysis of the relationship between the skills demanded by employers, the skills possessed by entry-level employees and the skills lacked by entry-level employees.

Life skills and technical skills are at the intersection showing that despite entry-level employees possessing these two set of skills, there is still high demand for the same.

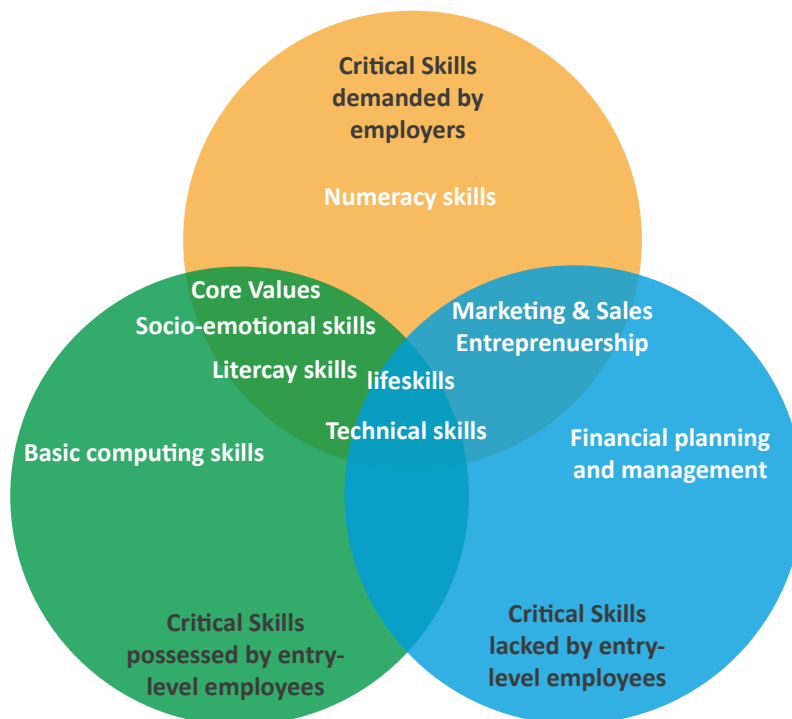


Figure 26: The relationship between skills demanded, possessed and lacked by entry-level employees

3.8.3 Skill gaps faced by employers during recruitment

Employers expressed facing challenges when trying to get the right person to do a job efficiently and productively. Some of the skill gaps encountered by most employers were attributed to soft skills such as basic communication skills and presentation, integrity and attitude towards the duties allocated. Stakeholders were keen to point out that the current education system syllabus lacked some core skills such as integrity and communication hence some institutions had HR Manuals that required every new staff to undergo the induction program and management courses along the way.

23.3% and 25.6% of surveyed entry-level staff in the formal and informal sector respectively agreed with the statement that their skills did not match what employers were looking for, while 67% and 60.2%, in the formal and informal sector respectively disagreed with that statement. This indicates that employers significantly face skills gaps during recruitment.

3.8.4 Skills mismatch in the workforce.

Industry players attribute this lack of adequate preparation of the youth for the job market, to lack of conversations between training institutions and employers, outdated training facilities, incompetent trainers and institutions offering programs without conducting a job-market skills analysis.

72.4% and 60.9% of surveyed entry-level staff in the formal and informal sectors agreed with the statement that their skills matched the job they were recruited to perform, while 13.9% and 20.3% in the formal and informal sector respectively disagreed with that statement. This implies that skills mismatch exists to a certain extent in the job market especially in the informal sector.

For the self-employed youth, 31% and 40% in the formal and informal sectors respectively, have experienced skill gaps in their businesses.

3.8.5 Addressing skill gaps and mismatches

In an engagement with stakeholders, there was an agreement that skillgaps were a major crisis in the job market with employers having to expend resources such as training- budget allocation, mentorship programs, and role modelling.

Statistically, the surveyed employees, 52 and 53 percent respectively, in the formal and informal sectors mentioned that they had received their on-the-job training from internal staff/owner/manager or supervisor. This was mostly done to increase the productivity of the employees (81% in formal and informal). Some of the other highlighted reasons were; training was conducted as a company policy (41% formal and 33% informal), and training was conducted on a needs-basis (38% formal and 25% informal). In most cases, employers determined the need for training (65%), while in other cases; both the employer and the employee (30%) determined this need.

On the flip side, the most highlighted barriers to on-the-job training are prohibitive costs, fear of the trained staff being poached by competitors and lack of internal capacity to train.

“Ajira Digital Kenya demonstrates the key role of training by outsourcing customized training services from the Public Relations Society of Kenya for their entry-level employees and then continually offering training on a needs basis. “

Most self-employed youths (44%) reported that they had addressed various skills gaps through on the job training. Another 39% mentioned that they overcame their skills gaps through mentors/coaches, 19% through external training programs while 20% had not taken any special measures as shown in Figure 27 below:

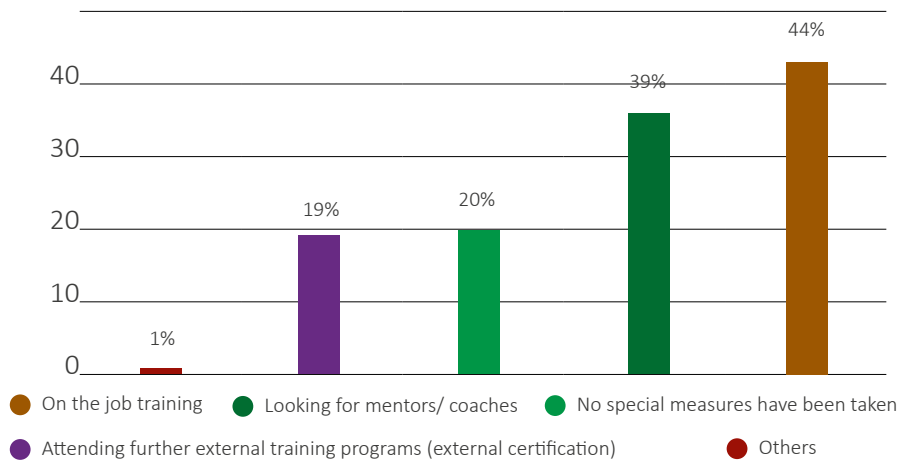


Figure 27: Skills gap mitigation measures adapted by self-employed youth

3.9 Skills for the future

Additional skills demanded by employers for their businesses to remain competitive in future in both the formal and informal sector were life skills, technical skills, core values, and marketing and sales in that order.

Additional skills demanded by the youth to remain competitive in future in the formal and informal sector were sales and marketing, financial planning, technical skills, entrepreneurship and life skills (formal sector) in addition to basic computing skills (informal sector). Majority of entry-level employees in both the formal (41%) and informal (51%) sectors, pointed out that they would like to acquire these skills mainly through self-sponsored courses.

Backing up this commitment to skill development, 23% and 26% of formal and informal employees respectively recommended making the cost of tertiary education affordable. Interestingly, those who made this recommendation were mainly those without technical training. This shows that the high cost of tertiary technical training could be a hindrance to skills acquisition among the youth.

Therefore, the lack of collaboration between the National Government and TVET institutions in terms of financial responsibility may remain a hindrance to achieving technical skills acquisition among the youth in the long run.

Additional skills demanded by the self-employed youth to remain competitive in the future were life skills, marketing and sales, financial planning & management, core values and entrepreneurship.

Further probing on why marketing and sales was highly demanded revealed four main reasons;

1. Marketing and sales is very critical for entrepreneurship and hence a fall back plan in the dire situation of unemployment
2. There is a lot of money (commission) in sales and marketing
3. More people want to get into digital marketing, which is an easy space to get into
4. Training institutions do not offer practical marketing and sales skills.

Notably, those who had completed TVET/ colleges reported that they would like to acquire entrepreneurship (34%) and financial planning and management (35%) in the future. This shows that despite having technical training from TVET, Entrepreneurship, financial planning and management are critical skills that graduates felt they would need to acquire to remain competitive. This was replicated in the University graduates, with 29% of the graduates saying that they would like to acquire entrepreneurship skills in the future.

Technical skills were highly demanded by 39% of those who had completed secondary school but never had tertiary training, 60% of those who had dropped out of secondary school and 55% of those who had only completed Primary education.

The top five skills recommended by employees to be taught by training institutions include technical skills (62%), Life Skills (40%), Entrepreneurship (35%), Financial Planning and management (34%) and Basic Computing skills (32%) in the formal sector. The same skills were replicated in the informal sector as Technical skills (64%), Life Skills (40%), Entrepreneurship (35%), Financial Planning and management (33%) and Core-values (29%).

Generally, the training curricula, cost of learning, work-place experience and incorporating critical skills in the curriculum were the four major areas that entry-level employees felt that they should be revamped in training institutions. These findings elicit conversations on the quality, affordability and relevance of training to the 21st century job-market, advocating for further discussion and collaboration between training institutions and the industry players.

3.10 Barriers to youth employment

From an employer and employee’s perspective, our data cites that, the two main factors preventing the youth from acquiring jobs were corruption and lack of required experience by employers among others. Self-employed youth cited lack of capital, lack of required experience and corruption as the top three barriers to starting their own businesses as shown in the Figure 28 below.



Figure 28: Barriers to youth employment (Employer’s perspective)

3.11 Collaboration between industry and training Institutions

Most stakeholders interviewed stated that there was no strong linkage between the training institutions and the labor-market needs hence the skills acquired were not commensurate to the jobs available. In this regard, they recommended collaboration between training institutions and the labour market in order to: 1) ensure progressive sectoral discussions on the needs of the industry so that the training curriculum is aligned with the industry demands; and 2) institute compulsory assessed internships/work-placements as part of the curriculum to ensure that graduates acquired practical skills.

“Kenya Airways has a Memorandum of Understanding (MOU) with the National Youth Service (NYS), which tailor-makes their courses to enhance their employability skills”.

Unfortunately as illustrated in Figure 29 below, the reality on the ground revealed that only 20% of formal employers and 10% of informal employers give feedback to training institutions on the progress and proficiency of their students and only 10% formal employers and 2% informal employers collaborated with training institutions. These statistics, therefore, validate the stakeholders’ concern on lack of conversations between employers and training institutions as the main reasons for skill gaps at the workplace.



Figure 29: Proportion of employers that collaborate with training institutions.

3.12 Distribution of training resources and employment opportunities in the country

3.12.1 Distribution of training resources

Geographic exclusion is a big factor in the TVET sector. Data shows that Nairobi is the training hub for all the other counties. Out of all the graduates who had completed TVET and college education in Nairobi, only 30.43% originate from Nairobi.

As shown in Table 4 below, 30% (14 out of 47 counties) have very low enrolment in TVET from their own residents. These are Samburu, Elgeyo Marakwet, Mandera, West Pokot, Wajir, Baringo,

Kericho, Nyamira, Busia, Migori, Bomet, Vihiga, Embu and Kirinyaga. Most of the youth interested in pursuing TVET courses in those counties prefer migrating to Nairobi or neighbouring big towns such as Nakuru, Uasin Gishu, Trans Nzoia and Garissa.

Table 4: Distribution of training resources across the counties

County of Origin	Proportion of youth who studied in their counties of origin	County of training	Proportion of youths in county of training
Samburu	0%	Nakuru	66.67%
Elgeyo Marakwet	0%	Uasin Gishu	50%
Mandera	0%	Nairobi	50%
West Pokot	0%	Trans Nzoia	50%
Wajir	0%	Garissa	100%
Baringo	0%	Nakuru	33.33%
Kericho	5.56%	Nakuru	22.22%
Nyamira	10.87%	Nairobi	36.96%
Busia	10.53%	Nairobi	47.37%
Migori	11.9%	Nairobi	33.33%
Bomet	11.11%	Nairobi	16.67%
Vihiga	13.79%	Nairobi	41.38%
Embu	18.92%	Nairobi	24.32%
Kirinyaga	20%	Nairobi	40%

3.12.2 Distribution of employment opportunities (workforce sourcing across the counties)

There is a high dependency of workforce sourcing amongst the counties. However, a quarter of the surveyed counties are autonomous in workforce sourcing, that is, the highest proportion of employed youth originate from their counties of residence. These were: Mombasa, Kilifi, Machakos, Kisumu, Nakuru and Nyeri, hence the longer metric distance from all the others as illustrated in Figure 30 below:

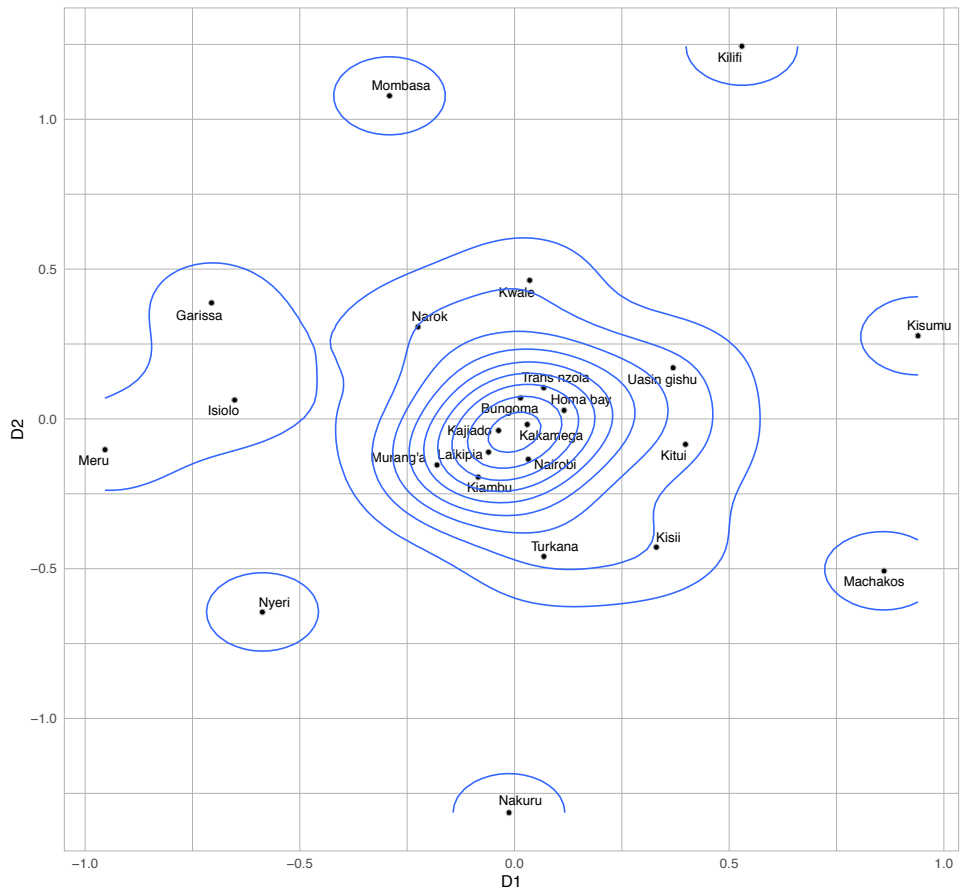


Figure 30: Distribution of employment opportunities across the counties (workforce sourcing)

4.0 Implications of Findings

1. **Kenya is a service driven economy:** Given the distribution of jobs and the skills that employers and youth need, this study confirms that Kenya's economy is predominantly driven by the service industry; skills of a technical nature are less demanded.
2. **High demand for marketing and sales skills in the labour market:** This trend reiterates the above finding that the economy is not generating sufficient demand for technical-oriented jobs such as Manufacturing despite the drive towards growing this industry. This trend is supported by economic data (KNBS, 2019a), showing that Manufacturing growth is out-paced by sectors such as Wholesale & Retail, Financial, Accommodation & Food, and Construction & Real Estate. For example, Accommodation & Food grew at 16.6% in 2018, as opposed to Manufacturing which grew by 4.2%; compounded by factors such as heavy imports favouring manufactured goods.
3. **Skills mismatch:** The gap between the skills possessed by youth entering the workforce and the job market has widened due to the growing dominance of the Service industry. This indicates that attention needs to be paid to the trends driving the future of work and to re-examine national priorities on training and skills development. For example, in the case of TVET, is it informed by reliable evidence of current job trends and future workforce needs? This study and other economic data suggest that technical skills may be necessary but not critical in enabling youth to find relevant jobs in a service-dominated economy.
4. **Responding to trends in the job market:** The fastest growing sectors in the economy are:
 - i) Wholesale & Retail,
 - ii) Accommodation & Food,
 - iii) Financial & Insurance, and
 - iv) Construction & Real Estate.

Trends indicate that these jobs and those that are manual and routine will be replaced by automation and technology, systems that require less human capital (Chui, Manyika & Miremadi, 2016), these are considerations that have little traction in the assessment made by this survey.

Manufacturing jobs for the future will demand social and emotional skills as well as cognitive capacity, in addition to technical and technology-based skills. The implication of this is highly tied to the courses available and accessible to the workforce, especially at a technical and vocational level. Traction must be given to motivate dialogue between industry and training organizations to respond to the future of work.

5. **Sector distribution across the counties is homogenous:** The top sectors (Wholesale & Retail, Education, Construction, Accommodation & Food & Other Service Activities) employing the most youth are similar across the counties/regions. This accentuates the need for:
 - a. Earnest dialogue on the implementation of the Kenya National Spatial Plan to drive both regional specialization and diversification of enterprises and growth drivers;
 - b. Expansion of TVET and skills development should be informed by regional specialization and diversification plans.

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Appendices

COUNTY SELECTION: Sampled Counties



Counties sampled included: **Isiolo, Mombasa, Kilifi, Kwale, Kiambu, Nyeri, Murang’a, Nairobi, Narok, Kisii, Kisumu, Homabay, Garissa, Meru, Machakos, Kitui, Kakamega, Bungoma, Nakuru, Uasin Gishu, Kajiado, Trans Nzoia, Laikipia, Turkana**

SAMPLED SECTORS: Kenya National Bureau of Statistics, Centre of Establishments 2017

Classification	Industries
Production Industry	Agriculture, Forestry and Fishing Extractives
Manufacturing Industry	Construction & Real Estate activities Manufacturing Electricity, Gas, Steam & Air conditioning Supply Water Supply; Sewerage, Waste management & Remediation activities
Service Industry	Wholesale & Retail trade; repair of motor vehicles and motorcycles Transport & Storage Accommodation & Food service activities Information & Communication Financial & Insurance activities Professional, Scientific & Technical activities Public Administration & Defence; Compulsory Social Security Education Human Health & Social Work activities Other Service Activities (Arts, Entertainment & Recreation, Administrative & Support Service activities, Activities of Households as Employers; undifferentiated goods- and services-producing activities of households for own use, Activities of Extraterritorial Organizations & Bodies

KEY INFORMANT INTERVIEWS: Stakeholders interviewed

1. Ajira Digital Kenya
2. Ministry of Education- Technical Education
3. Ministry of Education- University Education and Research
4. Technical and Vocational Education and Training Authority (TVETA)
5. National Youth Service (NYS) – Office of Youth Enterprise
6. Kenya National Federation of Jua Kali Associations (KNFJKA)
7. National Industrial Training Authority (NITA)- Curriculum Office
8. Federation of Kenya Employers (FKE)- Research, Policy and Advocacy
9. Association of Kenya suppliers & Retail trade association of Kenya.
10. Public Service Commission (PSC)- Research, Policy and Advocacy
11. Generation Kenya
12. Kenya National Association of Street Vendors and Informal Traders (KENASVIT)

ACHIEVED SAMPLES: Formal & Informal Sector Employees

Sector	FORMAL		INFORMAL	
	Target	Achieved	Target	Achieved
Wholesale & Retail trade	956	942	956	1041
Education	642	665	642	465
Construction	257	217	257	215
Other Service Activities	183	140	183	282
Accommodation & Food service activities	182	216	182	248
Manufacturing	131	121	131	108
Financial & Insurance activities	102	155	102	91
Agriculture, Forestry & Fishing	91	94	91	105
Real Estate activities	80	85	80	57
Professional, Scientific & Technical activities	80	99	80	85
Administrative & Support Service activities	79	38	79	40
Information & Communication	76	84	76	114
Human Health & Social Work activities	53	165	53	61
Transport & Storage	49	90	49	45
Water Supply; Sewerage, Waste Management & Remediation activities	13	29	13	18
Arts, Entertainment & Recreation	12	32	12	45
Public Administration & Defence; Compulsory Social Security	7	31	7	7
Mining & Quarrying	6	0	6	30
Electricity, Gas, Steam & Air Conditioning Supply	2	48	2	26
Activities of Households as Employers	1	1	1	12
TOTAL	3000	3267	3000	3095

The Margin of error per category is +/- 1.80% at 95% confidence level

ACHIEVED SAMPLES: Formal & Informal Sector Employers

Sector	FORMAL		INFORMAL	
	Target	Achieved	Target	Achieved
Wholesale & Retail trade	319	291	319	357
Education	214	204	214	178
Construction	86	80	86	78
Other Service Activities	61	83	61	116
Accommodation & Food service activities	61	64	61	111
Manufacturing	44	48	44	31
Financial & Insurance activities	34	59	34	33
Agriculture, Forestry & Fishing	30	43	30	43
Real Estate activities	27	30	27	22
Professional, Scientific & Technical activities	27	33	27	47
Administrative & Support Service activities	26	23	26	10
Information & Communication	25	35	25	45
Human Health & Social Work activities	18	57	18	28
Transport & Storage	16	29	16	25
Water Supply; Sewerage, Waste Management & Remediation activities	4	9	4	3
Arts, Entertainment & Recreation	4	14	4	16
Public Administration & Defence; Compulsory Social Security	2	9	2	0
Mining & Quarrying	2	0	2	3
Electricity, Gas, Steam & Air Conditioning Supply	1	19	1	9
Activities of Households as Employers	0	2	0	4
Activities of Extraterritorial Organizations & Bodies	0	2	0	0
Other Sectors	0	4	0	0
Processing e.g. posho mill	0	0	0	5
TOTAL	1000	1138	1000	1164
The Margin of error per category is +/-3.0% at 95% confidence level				

ACHIEVED SAMPLES: Self- Employed

Sector	Target	Achieved
Wholesale & Retail trade	159	260
Education	107	74
Construction	43	36
Other Service Activities (e.g. salons, barbershops, security etc.)	31	96
Accommodation & Food service activities	30	41
Manufacturing	22	20
Financial & Insurance activities	17	28
Agriculture, Forestry & Fishing	15	18
Real Estate activities	13	7
Professional, Scientific & Technical activities	13	16
Administrative & Support Service activities	0	1
Information & Communication Technology	13	32
Human Health & Social Work activities	9	9
Transport & Storage	8	27
Water Supply; Sewerage, Waste Management & Remediation activities	2	4
Arts, Entertainment & Recreation	2	16
Mining & Quarrying	1	1
Electricity, Gas, Steam & Air Conditioning Supply	0	6
Activities of Households as Employers	0	1
TOTAL	500	693

The Margin of error per category is +/-4.0% at 95% confidence level



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