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Job entry-level skills: Seizing the moment, securing the future

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Recommended Citation

Awiti, A., Orwa, C., Mbuvi, L., Karumba, M. (2019). Job entry-level skills: Seizing the moment, securing the future.

Available at: https://ecommons.aku.edu/eastafrica_eai/28



Job entry-level skills: Seizing the moment, securing the future

October 2019

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Summary

The aim of this study was to generate evidence to support reliable assessment of the skills and competences possessed by youth in entry-level jobs (the supply), and the skills and competences needed by employers (the demand).

The study was conducted in 24 counties, which are home to over 85 % of Kenya's formal sector business establishments¹. Fifteen sectors, comprising agriculture, wholesale & retail, construction, health and ICT, which account for 90 % of jobs in both formal and informal sector, were included in the survey. A total of 9,355 interviews were conducted; 6,362 employed youth and 693 self-employed youth aged between 18 and 30 years both in the formal and informal sector, and 2,300 employers from formal and informal sectors.

The study revealed that Kenya's labour markets are shaped by the dominance of sectors such as wholesale and retail, food and accommodation services and transport, which account for most jobs created in the economy. Consequently, it appears that there is less demand for hard, technical skills compared to skills such as marketing and sales and entrepreneurship.

The study finds that there is very little collaboration or coordination between employers and training/skills development institutions. Hence, according to employers, most of the youth hired at entry-level lack relevant skills and competences needed for the work place.

Underlying trends in retail and wholesale, transportation, food and accommodation will continue to shape skills requirements into the future. Hence, rapid expansion of technical and vocational training must respond accordingly, with programs in sales, customer service, purchasing, marketing/branding. Moreover, there is need to strengthen training and capacity in key professional areas that are critical to enhancing the productivity and efficiency of these sectors. These include: accountancy; finance; human resources; supply chain management and data analytics.

However, the conundrum is that we must build the human capital, for what we project will be the future economy; one fueled by vision 2030 – newly industrializing middle-income country and what will define the future of work – the 4th Industrial Revolution, where robotics, Artificial Intelligence and Virtual Reality are transforming businesses, leisure and work.

¹ Kenya National Bureau of Statistics, 2017. Census of Establishment



Key Findings

1. Where the jobs are:

- 36% of 138,190 formal sector (public and private) businesses are in Nairobi; five counties (Nairobi, Mombasa, Kiambu, Nakuru and Uasin Gishu) account for 50% of businesses; 20 counties account for 75% of businesses.
- 71% of businesses employ less than 10 people; 26% of businesses employ 10-49 people and only 3% of businesses employ more than 50 people.
- 84% of businesses are in the tertiary or service sector, 13% are in the secondary sector, 3% are in the primary sector. 32% of businesses are in wholesale/retail and 21% are in education; 94% of wholesale/retail businesses employ less than 10 people.

2. Distribution of entry-level jobs

About 84% of the youth surveyed were employed in the tertiary or service sector; retail, wholesale, accommodation, transport, finance, education, and food services. Primary and secondary sectors accounted for about 16% of entry-level jobs held by youth. Wholesale and retail accounted for 32% of entry-level jobs held by youth.

3. Requirements for entry-level jobs

Soft skills, education/training and hands-on practical skills were the top three requirements for employment in entry-level jobs in the informal sector. Education/training, soft skills and prior work experience were the top three requirements for entry-level jobs in the formal sector. Besides education, soft skills and relevant experience are critical to getting the first job.

4. Gender participation in entry-level jobs

There was gender differentiation in placement in entry-level jobs. Women worked in entry-level jobs in finance & insurance, accommodation & food services, education, personal/beauty services, health and social work. Men worked predominantly in entry-level jobs in ICT, wholesale/retail, construction, agriculture and fishing, extractives and



water and sanitation. Entry-level jobs in primary and secondary sectors of the economy are male dominated.

5. Gaps in entry-level skills

- i) Across all sectors, formal and informal, **employers** reported that youth in entry-level jobs lacked: life skills, marketing and sales, entrepreneurship, financial planning and management and technical skills.
- ii) Across all sectors, formal and informal, **employees** in entry-level jobs said they lacked life skills, social emotional skills, technical skills, entrepreneurship, marketing and sales.

6. Finding entry-level jobs

About 50% and 60% of youth in formal and informal sector entry-level jobs respectively, were recruited through referrals and social networks. Only 25% and 8% of youth in formal and informal sectors respectively, were recruited through advertising.

7. Barriers to entry-level jobs

Over 30% of youth cited low pay as a barrier to entry-level jobs; 47% said lack of experience was a barrier; 50% cited corruption as a barrier to finding entry-level jobs.

8. Collaboration between industry and training institutions

About 2 % and 10% of informal and formal sector employers reported any involvement with TVET and other training institutions on training or curriculum development or internship placement. However, employers from both formal and informal sector were willing to collaborate with training institutions if a formal mechanism was created.

9. Skills of the future

To stay competitive employers said their businesses needed marketing skills, life skills and core values, in addition to relevant technical skills. Similarly, entry-level employees said sales and marketing, financial planning/ management, technical skills, entrepreneurship, life skills and computing were the most important skills for the future.



Implications of the findings

- 1. Responding to trends in the job market:** The fastest growing sectors in the economy include Wholesale & Retail, Accommodation & Food, Financial & Insurance and Construction & Real Estate. Soon, jobs that are manual and routine will be replaced by Artificial Intelligence and robotics. Moreover, manufacturing jobs for the future will demand social and emotional skills as well as cognitive capacity, in addition to technical and technology-based skills. What does this mean for workforce preparation, especially at the technical and vocational level? How do we motivate dialogue between industry and training organizations to respond to the future of work? How do we respond to the 4th Industrial Revolution, where robotics, AI VR are transforming life, leisure and work?”
- 2. Skills mismatch:** The gap between the skills possessed by youth entering the workforce and the job market has certainly widened due to the growing dominance of the Service sector relative to traditional Extractive sectors and Manufacturing. This must lead us to pay attention to the trends driving the future workplace and to re-examine national priorities on training and skills development. For example, is the current focus on TVET informed by reliable evidence on current job trends and future workforce needs? This study and other economic data suggest that technical skills may be necessary but not critical to enabling youth find relevant jobs in a service-dominated economy, especially in the wholesale and retail sector.
- 3. Dominance of wholesale and retail:** That wholesale and retail dominate entry-level jobs (32%) signals a new opportunity for training and skills development in areas such as sales, customer service (experience), retail management, supply chain management, branding and marketing.



- 4. Sector distribution across the counties is homogenous:** The top sectors (Wholesale & Retail, Education, Construction, Accommodation & Food and Other Service Activities) employing the most youth are similar across the counties/regions. This calls 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.
- 5. Skills for the future:** While wholesale and retail are associated with low entry-level skills, the ubiquity of internet and technology will bring unprecedented change. The future will demand workers with appropriate e-commerce, social media and web expertise. The retail sector will require superior product knowledge and the ability to field technical questions by customer service representatives. As in this sector and others, in order for progression to occur, collaboration between training institutions and industry players is vital.
- 6. Sectoral Skills Framework:** Wholesale and retail workers play an important role in maintaining vital diversity of opportunity, in filling new market niches, especially in small towns, rural and urban disadvantaged areas. Hence, there is need for recognition of the sector so that skills can be developed through prior learning to get them onto the Kenya National Qualifications Framework, with the possibility of advancing to higher credentials and skill.