

Unemployment Policy as an Agenda for Elections 2017

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Executive Summary

Unemployment in Kenya is a growing phenomenon that attracts the attention of leaders in the public and private sectors. There exists elaborate policies that define and govern employment in Kenya. However, while the existing legislations discourage discrimination and inequalities in employment, they do not clearly define and address the specific challenges that women, youth and persons with disability face in economic participation.

There are various causes of unemployment in Kenya that range from the quality of labour, the demand for labour, the supply of labour and the effectiveness of employment policies. The effects of unemployment impose economic, social and psychological costs that require the attention of private sector and public sector actors. These solutions however come at a cost that government may choose to subsidize and that private sector may choose to weigh against the short term and long term benefits.

It is important to consider that the benefits that an economy may accrue in the reduction of unemployment include social benefits that may not currently be tangible. These benefits are however important to take into consideration as they provide a clearer picture as to the long term benefits of the decisions that firms make now to improve the employment environment available to the workforce.

The economic participation of women, youth and persons with disability is pertinent to the growth of a country. It is not only a requirement for growth but is in itself a human right that governments should protect and that private sector institutions should comply with as a matter of principle. The adherence to these principles will not only enforce compliance but also provide a radical shift in Kenya's economy as the country continues to see a productive population that enjoys the freedom of utilizing its skills, creating wealth and enjoying the returns of the savings and investments of over 85% of its entire population.

Introduction

Employment in Kenya is governed by the 2012 Employment Act Chapter 226. This is an Act of Parliament to repeal the Employment Act 2007, to declare and define the fundamental rights of employees, to provide basic conditions of employment of employees, to regulate employment of children, and to provide for matters connected with the foregoing (Parliament, 2012).

The act defines an employee as a person employed for wages or a salary and includes an apprentice and indentured learner. It further defines a casual employee to be a person the terms of whose engagement provide for his payment at the end of each day and who is not engaged for a longer period than twenty-four hours at a time.

The Universal Declaration of Human Rights that United Nations General Assembly adopted in 1948 states that everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.

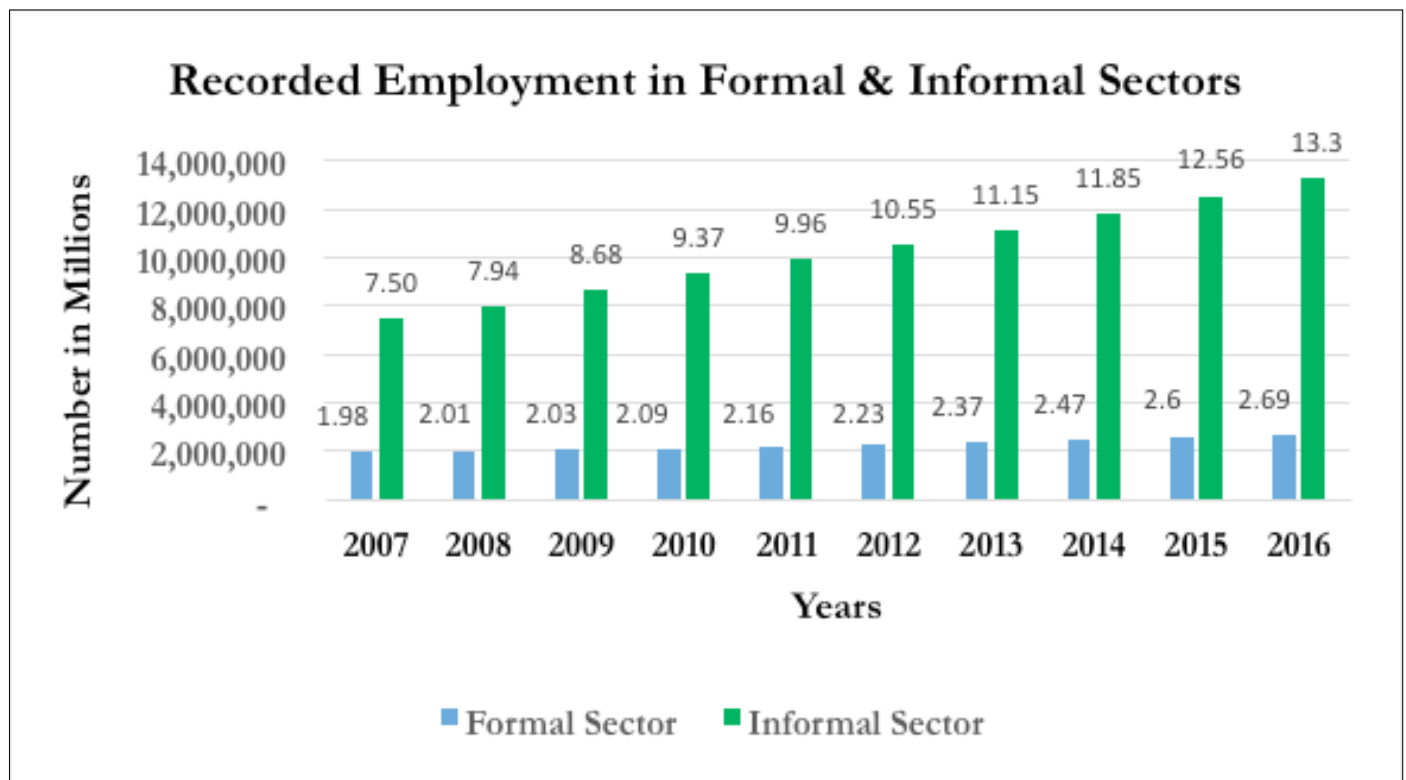
It continues to state that everyone, without any discrimination, has the right to equal pay for equal work. Furthermore, it states that everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection (United Nations, 1948).

Other legislations and policies that prescribe general principles of employment in Kenya include the Labour Institutions Act, Labour Relations Act, Occupational Safety and Health Act and Work Injury Benefits Act, Persons with Disability Act 2003 and the National Policy and Action Plan on Human Rights 2014 (Office of the Attorney General and Department of Justice, 2014). In addition, the country has a vision 2030 and as a country that has signed and ratified the UN Charter it adopts a set of 17 sustainable development

global goals among them goal 5 on gender equality, goal 8 on decent work and economic growth and goal 10 on reduced inequalities(UN, 2017).

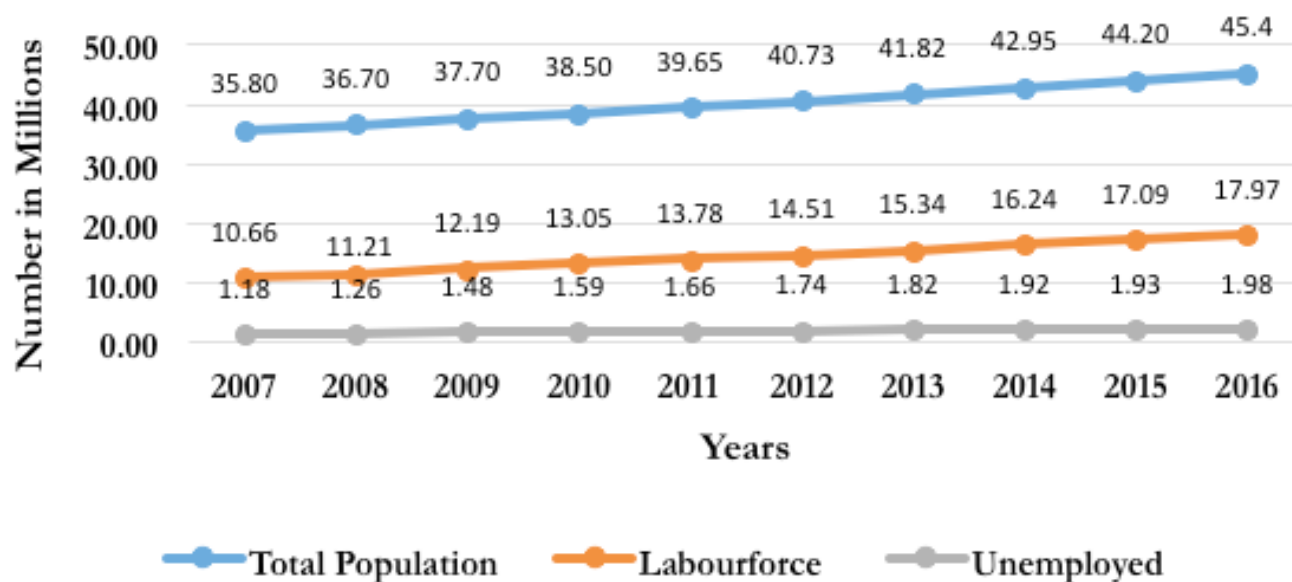
Research Findings

The following conclusions are derived from data provided for by the Kenya National Bureau of Statistics and the World Bank data



The number of people working in the informal sector has rapidly increased from 2007 to 2016. The number of people working in the informal sector has almost doubled from 2007 to 2016. On the other hand, the number of people working in the formal sector has increased by 710,000 people. More people are joining the informal sector as opposed to formal sector employment. 16.8 percent of the work force as at 2016 worked in the formal sector and 83.1 percent worked in the informal sector.

Comparing Trend Lines 2007 to 2016



- Kenya's population has steadily grown from 2007 to 2016. The population has grown by 26.8 percent from 2007 to 2016. As the population grows, the labour force continues to grow. It has grown by 68 percent from 2007 to 2016. The number of unemployed people grows at a fast rate between the period 2007 and 2012 and slows down between the years 2014 and 2016. There is a significant increase in the number of unemployed people from 2008 to 2009 by 17 percent. Overall, across the period, the number of unemployed people has increased by 67 percent.
- There is a significant increase in unemployment rate between the years 2008 and 2009 from 11.24 percent to 12.17 percent and it may be as a result of the post-election violence that Kenya experienced after the elections in December 2007. Due to an uncertain political environment, investments in Kenya dwindled at this time. It is important to note that as from 2010, the unemployment rate begins to fall gradually and from the year 2014 the unemployment rate experiences a rapid decrease from 11.81 percent to 10.9 percent.
- Private sector employment from 2007 to 2016 is significantly higher than public sector employment. In 2016, private sector employment is at 1.81 million, 71 percent of the total number of people employed in the private and public sectors.
- The gap between male and female wage employees narrows down in the year 2012 simultaneously with a drop in the number of employees in the year. The gap thereafter from the year 2015 begins to widen. This may be attributed to an increase in the number of female employees joining the informal sector as opposed to formal wage employment.
- Unemployment rate of females as a percentage of the female labour force sharply increased from 13.46 percent in 2008 to 14.63 percent in 2009. As from 2009, the rate continued to gradually decrease until the year 2014 where it began to rapidly decrease from 14.2% to 13.17%. One can evaluate the policies employed across the period under review under the different regimes directed towards affirmative action to decrease the unemployment rate of women as a percentage of the female labour force.
- According to the data by Global disability now, approximately 66 percent of persons with disability live in the rural areas. It is therefore only natural that 67 percent live in poverty and only 19 percent are receiving a secondary education. This calls for action in terms of data collection and collation to successfully evaluate the needs of persons with disability in employment.
- Youth unemployment rate sharply increases from 2008

(21.98 percent) to 2009 (23.99 percent), maintains its high levels between 2009 and 2013 (24.06 percent) and begins to rapidly decrease from the year 2014. This can be attributed to the policies adopted by the ruling party to improve the economic participation of youth. The youth unemployment rate has however not managed to decrease to the level at which it was in 2007 at 21.48 percent. It stands at 22.17 percent in the year 2016.

- It is important to note that employment data on youth and persons with disability is not as disaggregated as the overall data and that for women. This presents a gap that exists in finding data that can be used for decision making about persons with disability and about the youth as important segments of the population. In order to successfully address the needs of youth and persons with disability in employment, it is important that their demographics are captured on a yearly basis

Challenges, Recommendations and Conclusions

Kenya's labour force experiences structural unemployment which is long term and chronic unemployment that is as a result of lack of skills, language barriers, discrimination in the labour market, economic changes that cause the rise and fall of industries, unions and minimum wage laws among others.

Among other causes of unemployment is the unequal distribution of labour across urban and rural areas; automation of business processes; poor transition of devolved services where education may not mean available opportunities for employment at the county level; poor demand for a diversified labour force; cultural prohibitions that prevent acquisition of skills, owning of assets and inheritance especially by women, youth and persons with disability; seasonal demand for labour in some currently labour intensive industries like agriculture; low levels of innovation; global economic recession and; underutilization of the capacity of firms in Kenya.

Fact

Youth unemployment rate sharply increases from 2008 (21.98 percent) to 2009 (23.99 percent), maintains its high levels between 2009 and 2013 (24.06 percent) and begins to rapidly decrease from the year 2014. This can be attributed to the policies adopted by the ruling party to improve the economic participation of youth. The youth unemployment rate has however not managed to decrease to the level at which it was in 2007 at 21.48 percent. It stands at 22.17 percent in the year 2016.

Public Sector Solutions	Private Sector Solutions
Encourage the growth of industries in the different counties through county revenue allocations and implementing consequences for the misappropriation of public funds	Increased public private partnership projects that enable the government to create more opportunities for employment as it increases its spending on infrastructure and skills development
Subsidize education and vocational training courses to improve the uptake by members of the public especially women, youth and persons with disability for use in formal employment	Transition private firms from the informal economy to the formal economy through heightened accountability and desire for structured systems
Reduce the cost of starting up and conducting business by reducing the cost of production inputs including corporate taxes and cost of raw materials	Increase the demand for decent jobs by the work force which shall transition the economy from informal to formal
Ensure compliance by public and private firms on the employment and labour acts as well as other legislations that address employment inequalities.	Private firms should sustainably increase their allocation for training of personnel to allow for skills development on the job
Allow for growth of labour unions that are not overregulated or under-regulated to reduce worker exploitation, support progressive labour legislations, increase productivity and promote democracy at the workplace	Define the inequalities that exist in employment against the women, youth and persons with disability and lobby for them to be individually addressed in the employment act and other legislations that exist to address employment inequalities
Conduct a Cost Benefit Analysis of policy alternatives to correctly identify the social costs and social benefits of policy projects	

There are both private and public sector solutions to unemployment as there is a responsibility for all members of Kenya's public in the reduction of unemployment. Solutions should touch on different sectors of Kenya's economy including education, manufacturing, agriculture, energy, industrialization and there should be cooperation and coordination across sectors. In addition, in successive years, it is pertinent that there is increased partnership and coordination between national and county governments to utilize the centralized resources available to the country while taking into consideration the unique characteristics and potential of each of the 47 counties in Kenya.

End Notes

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About IEA

The Institute of Economic Affairs (IEA Kenya) is a Public Policy Think Tank and Kenya's premier dialogue forum that seeks to promote pluralism of ideas through open, active and informed public debates on key policy issues, and to propose feasible policy alternatives in these areas. In addition, the Institute provides research back up to policy makers including members of parliament as well as through research and advocacy. Through its work, the IEA-Kenya provides alternative public policy choices and addresses the legal and institutional constraints to economic reforms and growth.

About IFES

The International Foundation for Electoral Systems (IFES) is currently working with the Independent Electoral and Boundaries Commission (IEBC) and other electoral stakeholders to evaluate and improve the enfranchisement of these marginalized groups. In particular, IFES is supporting the IEBC to further the participation and empowerment of women and youth in the electoral process through access to voter information, civic education in schools, and the sustainability of election technology.

Acknowledgements



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