

Review Article

The Paradox of Growth Without Jobs: A Qualitative Analysis of Employment Policies and Unemployment Trends in Kenya

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Abstract: This study looks into the contradiction between sustained economic growth and the high levels of unemployment in Kenya, especially youth unemployment. While GDP growth has been strong, particularly in capital-intensive activities like infrastructure and services, employment growth has lagged. Previous studies attribute this mismatch to structural problems such as skills mismatch, lack of absorption in the labor market, and high informal sector employment with low-quality jobs. Policy interventions have tried to solve the challenges through skills development and promotion of entrepreneurship, including the Kenya National Youth Development Policy (2019), but issues have been raised on their effectiveness due to poor implementation, lack of access to finance and inefficiencies in institutions. This study is qualitative in nature with an archival and desk-based approach to analyzing important policy documents and relevant literature. The study looks at frameworks like Vision 2030, as well as scholarly and institutional sources, evaluating the employment policies in a critical way against the realities of the labor market. The results are meant to elaborate on the structural and policy dimensions that underlie the “growth without jobs” phenomenon, and ultimately lead to better-informed and effective policies and strategies for youth employment in Kenya.

Keywords: Economic Growth, Youth Unemployment, Employment Policy, Kenya, Structural Challenges

Introduction

Kenya has experienced a sustained economic growth over the last decade; this has been attributed largely to infrastructure development and the growth of different sectors. Unemployment is on an increasing trajectory, particularly among the youth, which indicates a lack of employment-generating activities in the growth process. This “growth without jobs” paradox highlights challenges in the labor market, including all shifts in employment,

including skills mismatch, low absorption in the labor market and a prevalence of informal jobs. To address this, the Government of Kenya launched the Kenya National Youth Development Policy (2019) to target skills training and entrepreneurship as strategies to create jobs for the youth. However, the policy has not been effective due to high unemployment in the country, and this qualitative study aimed at exploring the role of the policy in the context of the labour market (Government of Kenya, 2019).

Literature Review

The term unemployment has been variously explained by different scholars. According to Karl Pribam (1946), he posits that unemployment occurs when the number of available jobs is not equal to the number of available labor power. Thus, in this context, unemployment is a phenomenon in which the market demand for a given factor of production is less than the supply of the factor of production. According to Karl, in order to reach the market equilibrium, the labor supply needs to be equal to the labor demand. When either is more, the market will not be in balance. Madan (1965), on the contrary, defined unemployment as the absence of opportunities for jobs for people who are willing to and actively looking for a job. The definition is based on the phenomenon of supply and demand. He says this completely overlooks the aspect of value in employment. As much as market equilibrium is stressed, the value of labour should be stressed. This linkage between economic growth and job creation in Kenya has been a subject of much scholarly interest and concern, and the “growth without jobs” syndrome has been widely noted. The Kenyan labour market has not grown proportionately with the country's increasing population, especially the youth, despite some periods of steady GDP growth. KIPPRA (2020) noted in its research report titled “Kenya Economic Report, 2020” that the sectors that have contributed to economic growth in Kenya have been the capital-intensive sectors, which create very few employment opportunities as compared to the labour-intensive sectors. This disparity in the structure of the economy is a major factor in the increase in unemployment. The employment generation policies in Kenya have been perceived to bear more factors in economic growth and development over time (ILO, 1995; Republic of Kenya, 1964). The basic assumption has been that faster economic growth would generate employment and income generation, also through improved employment standards of living, thus leading to the eradication of poverty. Unemployment, on the other hand, has a negative impact on the economic growth of any country, including Kenya. Wanjala S. Kimenyi (2011) posits that unemployment of the people, particularly the youth, contributes to high poverty rates, social exclusion, high crime rates and social unrest that in turn affects the country's economic development. Economists also say that the lack of alignment between what pupils learn in school and the skills required on the job market contributes to unemployment. According to Njeri (2017), many of the graduates are lacking practical and technical skills, which causes underemployment and a long period of job searching among graduates. Likewise, the informal sector's predominance in livelihood creation risks creating precarious and inferior jobs rather than creating meaningful economic inclusion (Were, 2016). To tackle these issues, the government has come up with policy interventions, which have included the Kenya National Youth Development Policy (2019),

which has put a lot of emphasis on skills development and entrepreneurship. In as much as questions about effectiveness and implementation have always arisen. In Kenya, there has been a limited impact in the implementation of the youth employment programs because these policies have been poorly coordinated and fragmented (Omolo, 2012). Further, limited financing and poor institutional support persist as a challenge to the effectiveness of youth-oriented employment initiatives (Onsomu, Munga, & Kimenyi, 2014). In conclusion, the literature reviewed shows that although the policy frameworks have good intentions, structural constraints and implementation gaps, and labour market inefficiencies continue to exist. This further confirms that qualitative research is important for gaining deeper insights into the nature of the interaction of policies on employment and the lived experiences in order to develop effective interventions.

Methodology

The study employed a qualitative research design, which included an archival and a desk-based (documentary) method of study to analyse the paradox of economic growth without employment growth in Kenya. Qualitative methods are appropriate because they can be used to carry out a detailed examination of the content of policies and contextual realities that influence employment outcomes (Creswell & Poth, 2018). The archival method was used by reviewing policy documents and reports, including the Kenya National Youth Development Policy (2019) and Vision 2030, to follow the change in employment policies (Maree, 2016). Complementarily, the desk-based approach involves secondary sources such as academic literature and institutional reports reviewed critically, to measure the effectiveness of the policies (Bowen, 2009). Documentary analysis plays a crucial role in Kenya in comprehending the constraints of youth employment interventions (Omolo, 2012).

Sector Contribution to GDP (Illustrative KIPPRA 2020 Pattern)

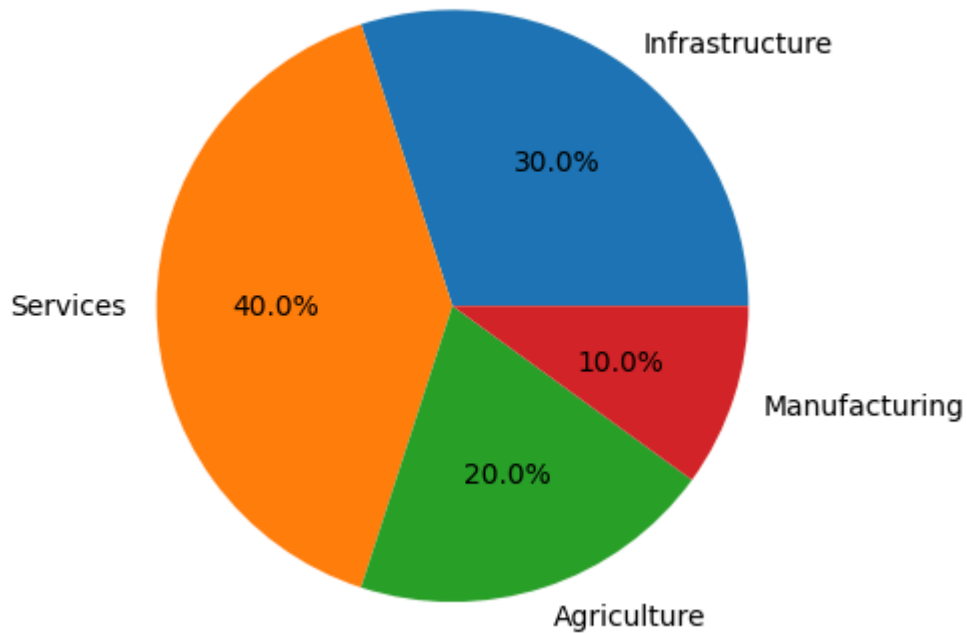


Table 1: Economic Growth vs Employment Contribution (Kenya – KIPPRA Pattern)

Sector	GDP Contribution (%)	Employment Contribution (%)	Interpretation
Infrastructure	30%	10%	High Growth
Service	40%	35%	
Agriculture	20%	45%	
Manufacturing	10%	10%	

Recommendations

This study found that policy frameworks are good in their intent but faced challenges in their implementation and action pathways, and therefore recommends a more holistic and context-sensitive policy framework for youth employment in Kenya. There is a need to enhance the linkage between education and labour market requirements, which can be achieved by a shift in curriculum that focuses on technical, vocational, and practical skills. This can help to alleviate the chronic skills deficit and improve the employability of graduates.

Second, policy implementation mechanisms need to be strengthened by improving coordination between government agencies, minimizing fragmentation of youth programs and providing appropriate monitoring and evaluation systems. Successful implementation will enhance the impact of current activities and accountability.

Third, increasing financial and institutional support for youth businesses is important. This encompasses better credit facilities, mentorship and creating a conducive environment for entrepreneurship to grow.

Last but not least, future research and policy design should take into account qualitative lessons learned from the lived experience of young people in the labour market. This will ensure that interventions are based on reality and address real-life issues for young people.

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