



KEY FACTS ABOUT THE INFORMAL SECTOR IN KENYA



MINISTRY OF LABOUR AND SOCIAL PROTECTION
STATE DEPARTMENT FOR LABOUR

WHAT IS INFORMAL SECTOR?

Informal sector enterprises in Kenya are commonly referred to as jua kali and they comprise informal traders and artisans who produce goods and services for market. However, enterprises are not registered by register of companies and are not covered by the government Social Security Scheme and other employment related government regulations such as the minimum wage and non-payment of social security contributions. Hence workers in the sector do not receive social security benefits like sick pay, disability pension, and old-age pension among others.

AS A JOBSEEKER SHOULD I BE INTERESTED IN THE INFORMAL EMPLOYMENT?

The Kenyan economy is characterized by a formal sector that is shrinking and an informal sector that is increasingly expanding creating 8 out of 10 all new jobs outside agricultural sector. The informal sector absorbs high school leavers, and graduates from vocational and technical training institutions and majority of the jobs are found in the urban set up.



IS IT POSSIBLE TO BE YOUR OWN BOSS IN THE INFORMAL SECTOR?

YES as most of the informal sector workers are self-employed (70%), and only a minority are wage employees (20%).



WHAT IS THE SOURCE OF START-UP CAPITAL IN THE INFORMAL SECTOR IN KENYA?

Start-up capital can be easily sourced from family funds or own savings. Approximately 75% of the informal businesses in Kenya develop from family/own funds as a source of start-up capital.

HOW CAN I IMPROVE MY CHANCES OF GETTING EMPLOYED ?

Completing secondary education increases your employment chances as 2/3 of informal workers have secondary school certificate. This means that workers are expected to possess generic skills, such as literacy, numeracy, communication, interpersonal skills, and the ability to learn.



MOST SOUGHT AFTER SKILLS IN THE INFORMAL SECTOR ?

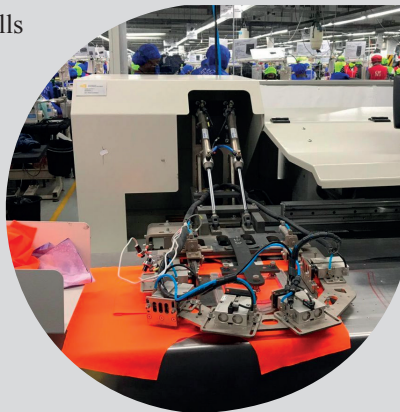
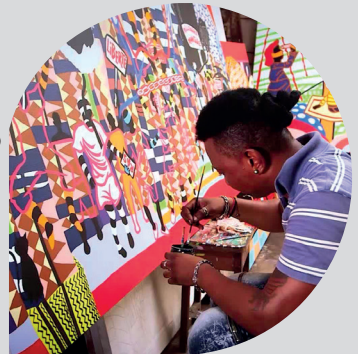
Employers often require persons with business skills such as:

- Financial Skills
- Record Keeping Skills,
- Marketing Skills
- Managerial/Leadership Skills

WHICH SKILLS ARE IN SHORT SUPPLY IN THE INFORMAL SECTOR?

The top three skills that are in short supply in the informal sector are:

- 1) Craft Skills
- 2) Personal Services Skills
- 3) Manufacturing



WHICH ARE THE MOST POPULAR SKILLED JOBS IN THE INFORMAL SECTOR?

The top ten most popular skilled occupations in the informal sector are:

- 1) Shop assistants
- 2) Waiters and waitresses
- 3) Cooks
- 4) Hairdressers and barbers
- 5) Welders
- 6) Cashiers (in mobile money transactions)
- 7) Tailors
- 8) Machinery mechanics and fitters
- 9) Butchers
- 10) Construction workers



You are thus most likely get a job as a sales worker, or a service workers or a craft worker. These jobs require specific skills that needs training to acquire them otherwise without skills you are likely to work as a laborer in unskilled jobs such as those of cleaners, launderer's or street vendors.



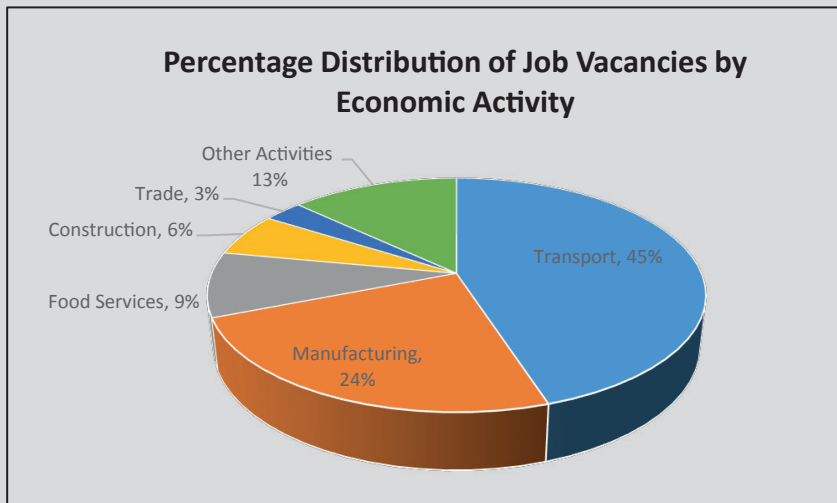


WHERE ARE IN JOBS IN THE INFORMAL SECTOR ?

Most job vacancies in Kenya informal sector are associated with 3 main types of economic activities:-

- 1) Trade and repair of motor vehicles
- 2) Manufacturing
- 3) Food services

PERCENTAGE DISTRIBUTION OF JOB VACANCIES BY ECONOMIC ACTIVITY IN THE INFORMAL SECTOR



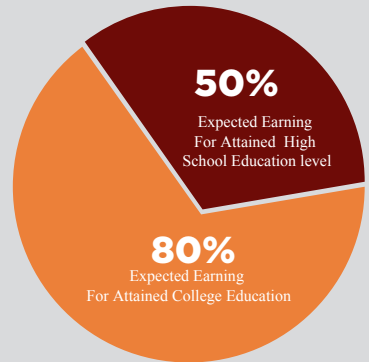
WHAT ARE THE AVERAGE MONTHLY WAGES IN THE INFORMAL SECTOR IN KENYA?

The average wages for the unskilled workers ranges from Ksh7,000 in rural areas to Ksh14,000 in the large towns. But the most skilled informal workers can earn over Ksh 20,000 per month.

DO BETTER EDUCATED WORKERS EARN MORE THAN LESS EDUCATED WORKERS?

Yes, more education leads to higher earnings, not only in the formal but also in the informal sector. Informal workers with high school education earn about 50% more than those with only primary education. And workers with college education earn some 80% more than those with high-school education. So, investing in education pays-off. However, while some workers with college education earn a lot (40,000 Ksh per month, or more), others end up in middle- or even low-paying jobs (earning as little as 6,000 Ksh per month). Given that there are few high-paying jobs in the informal sector, job opportunities for college educated workers are better in the formal sector.

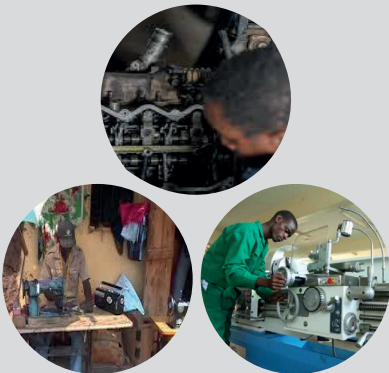
SALARY GRAPH AS
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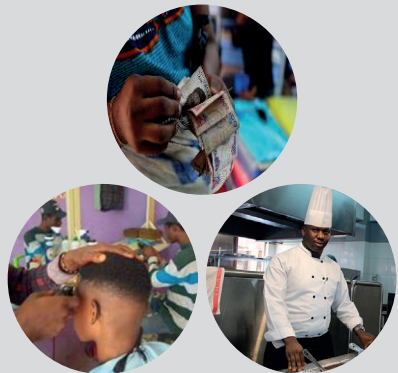
DO EARNINGS DEPEND ON THE OCCUPATION IN THE INFORMAL SECTOR?

Yes, workers in more skilled occupations earn more than those in the less skilled ones. Craft workers, such as welders and mechanics, earn more than sales and service workers, such as shop assistants, hairdressers or waitresses.

CRAFT WORKERS



SERVICE WORKERS



	Occupation	Average Monthly Earnings (Ksh)
1	Welders	12,900
2	Machinery Mechanics and Fitters	12,900
3	Cashiers	10,000
4	Shop Assistants	10,000
5	Hairdressers and Barbers	9,000
6	Tailors	9,000
7	Cooks	9,000
8	Butchers	8,800
9	Laborers	8,000
10	Waitresses	7,500

DO EARNINGS IN THE INFORMAL SECTOR DEPEND ON LOCATION AND GENDER?

Workers in urban areas enjoy earnings 36% higher than worker in rural areas. There seems to be no gender discrimination in terms of wages. All else equal, women earn roughly the same wages as men.

DOES LABOR MARKET EXPERIENCE INFLUENCE EARNINGS IN THE INFORMAL SECTOR?

Yes, experience is rewarded by employers. Older, more experienced workers earn higher wages than the younger, less experienced ones. For example, workers in the 30-34 age group earn already some 30% more than their ten years younger peers.



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