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## Development

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Photo Credit: Business Daily

## The youth-adult unemployment crisis in Kenya and its potent for political and socio-economic crisis

The double jeopardy for Kenyan youth in their prolonged unemployment predicament after graduation is transition into adulthood with redundant skills while still looking for employment. Could this be the next socio-economic crisis facing Kenya? Our research fellow for Development Pillar, Michael Owuor, discusses the scope and implications of this phenomenon on the country's political climate.

(Dr. K.O. Asembo, Editor-in-Chief)

## Michael Owuor

### Abstract

The current youth unemployment situation in Kenya is fast creeping into a major youth-adult unemployment crisis. The unemployed adults risk slipping into redundancy mode unless they retrain to acquire employable skills that will match the changing demands of the job market. This is likely to herald political crisis and economic tailback. Recommendations are offered

on the need to harness dormant county resources for creation of more job opportunities in agri-business; set up more county-based entrepreneurship innovation centres; and incorporate entrepreneurship and job creation as an examinable subject in the curriculum of basic, tertiary and University education.

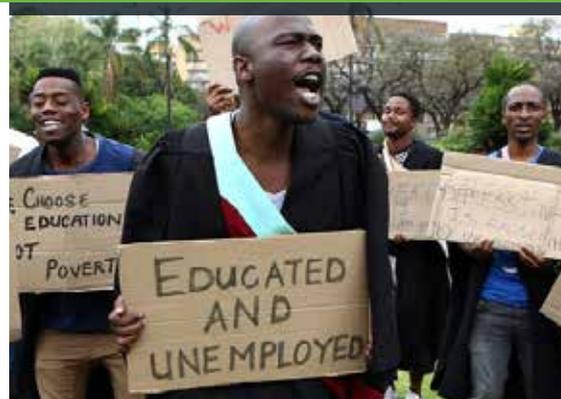


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## Background

The subject of youth unemployment in Kenya has been extensively debated in public discourse. High population growth and the inability of the economy to keep up with graduating youth are some of the major drivers. Moreover, lack of capital and opportunities to support entrepreneurial endeavors by the youth are important contributors. In response, Kenya has rolled out the National Youth Policy, numerous youth employment and empowerment programs in order to harness the full potential of her youthful population. The long-term youth unemployment situation in Kenya suggests a

negative impact on Kenya and the future of her young people. Examination of the transition of unemployed youth (past 35 years old) into adulthood highlights the immediate and significant contribution to a dual challenge of both youth and adult unemployment happening concurrently. The analysis of Kenya demographics and employment trajectories points towards an economic gridlock that may herald a political crisis in the medium term. Dwindling opportunities for meaningful work in the face of growing demographics across all age sets are the likely triggers.



*Photo credit: Financial Times*

## Key Issues

The following issues remain key in relation to the youth-adult unemployment phenomenon in Kenya and the potential implications on the political climate of the country.



### Youth-adult unemployment crisis



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There is growing unemployment of educated youth and adults. This scenario has been attributed to the growing population, a rapid increase in educational opportunities focusing more on academic qualifications and less on entrepreneurship; and the inability of the job market to expand at a rate equivalent to the pace of college graduation. Additionally, the prospective employees are more theoretical and unable to meet the practical demands of the job market. The World Bank estimates that the 2.5% population growth rate would result into an additional nine million jobseekers joining the labor market between 2017 and 2025. However, the formal sector only creates an average of 15,000 jobs annually.

These dynamics fuel the current scenario of youth bulge feeding into an already ballooning adult unemployment situation. Predictive estimates point out that an increase in youth unemployment (ages 15- 34 years) results into a corresponding increase in adult unemployment (35-64 years).

The dual youth-adult unemployment state is further explained by the duration dependence theory. The hypothesis posits that the probability of unemployment increases as the length of time spent in unemployment state increases. Thus, human capital deteriorates when more time is spent in unemployment state, making the unemployed less employable. The duration dependence studies of the unemployed confirm that youth unemployment impacts on the lifetime employment trajectory of the individual well into adulthood. This explains the youth-adult unemployment dilemma.

The youth-adult unemployment crisis is thus a priority concern for Kenyan policy makers. The fragility of Kenya's labor environment illustrates that unfavorable economic situations or social unrest can easily increase unemployment rates further exacerbating the problem. For example, the COVID-19 pandemic resulted into an increase in unemployment from 2,944,724 to 4,637,167 over a three-month period (from Quarter 1 to Quarter 2). Likewise, during the 2007-08 post-election violence, informal sector business that employed 75% of the workforce were either looted, burned or closed.

## The potent for an economic gridlock



Photo Credit: Help Age International

Where potentially productive youth remain unemployed for long, lose skills and eventually slip into redundancy mode as they transit into the adulthood bracket (36-60 years), an economic gridlock is created. The result is economic stagnation as people exit one unemployment situation only to enter another with redundant skills. In such circumstances, even unemployment creation programs may be futile as majority of the people will require retraining to fit into the newly created job opportunities.

The resultant frustration will be a recipe for economic downturn. For instance, a situation where youth graduate at 23 years and transit into adulthood (age 36 and beyond) without employment perfectly portrays the duration-dependence paradox. Studies indicate that negative duration dependence has the adverse effect of a longer unemployment spell. Duration dependence are stronger where the labor markets are tighter like in Kenya.

Studies indicate that employers are statistically more likely to discriminate against potential workers who have been unemployed over a long-term period. Therefore, when youth gradu-

ate from college at age 23 and remain unemployed as they enter adulthood at age 36, thirteen years of their productive life and skills are lost. The unemployment spell implies unobserved loss of productivity. Costly retraining of the unemployed is required to make them to be valuable and skilled for the market.

There is more evidence on the effect of unemployment on a country's productivity. A converse relation exists between the Gross Domestic Product (GDP) and unemployment. The relation, defined as the Okun law, posits that a one percent rise in unemployment rate is associated with approximately 3% decline in real GDP growth. With Kenya's real GDP standing at Ksh 50.5 trillion as of 2019, a 5.2% rise in unemployment rate during the initial three months of the COVID-19 pandemic is estimated to have shrunk Kenya's real GDP by Ksh 2.5 trillion. The Okun law based modelling illustrates the quantifiable negative impact of increasing unemployment on the country's growth potential. Thus, the forecasted increase in youth-adult unemployment is highly likely to influence an economic impasse.



## The potent for public disaffection



Photo Credit: Toronto Star

Youth-adult unemployment has the potential to quickly generate public disaffection in the government thereby creating a political crisis. For example, the global economic crisis of 2007-2009 led to a 11.2% unemployment in Italy which provided a perfect breeding ground for radical nationalistic parties that were opposed to austerity measures. It is argued that once unemployment increases, the society's attention shifts from austerity to political action under a new political party.

In Italy, this revolution was spearheaded by the Five Star Movement, that was led by a professional comedian. Thus, unemployment presents a volatile tipping point that has far reaching consequences in society. Italy's case is far from an isolated incident where youth-adult unem-

ployment breeds social and political uprising. In Ukraine, a professional comedian with no prior political experience won the presidency and parliamentary majority in 2019. The Ukraine's comic-turned President Volodymyr Zelensky rode on the wave of public anger due to lack of progress on entrenched corruption, ongoing war with Russia, unemployment and low living standards. Likewise, high youth unemployment rate of 23.4% was a major contributing cause of rebellion and protests that resulted in the "Arab Spring". Still, even where there were jobs, working conditions were very poor, characterized by low wages, little social protection and lack of secure contracts and career prospects. These conditions are similar to Kenya where lack of adequate and descent work is rising.

Similarly, the ouster of Sudan's President Omar al-Bashir in April 2019 and subsequent trial highlights the possibility of high unemployment triggering public discontent. Sudan had a high unemployment rate of 27% of its population. Of the more than two million people who were unemployed, most were university graduates. Street demonstrations and eventual regime change were the results of deteriorating economic condition, lack of better work opportunities and increasing food prices.

For policy makers, it is prudent to learn from the Sudan and Arab Spring experience. Proactive and policy action taken early before social uprising and action kicks in is manageable and preferred. Past inaction in Sudan informs the ongoing surge in protests and violence even after the ouster of Omar al-Bashir. The current instability in Sudan further inhibits the citizens' ability to pay for basic needs like bread and fuel. In post-Arab spring, regional conflict, constraints on policy autonomy and inadequate number of new jobs to meet the rising number of unemployed impedes policy creation.

The complexities resulting from having many educated and underemployed people working for wages that keep them poor, on one hand, and having a mass of educated but unemployed people, on the other, provide a productive arena for anarchy and social uprising. Thus, in the lead up to the 2022 general elections, the dual youth-adult unemployment double jeopardy foreshadows the politicization of the unemployment agenda by political protagonists.

Lack of employable skills and opportunities by unemployed and frustrated youth who transition into adulthood provides ground for political manipulation a situation that is likely to catalyze social crisis. If youth-adult unemployment remains unmitigated, potential post-2022 election tensions are likely to orbit along class and ethnic lines. Consequently, criminal gangs like Mungiki will be on the rise as politicians embrace class and ethnic balkanization for political expediency.



Photo Credit: Loop Jamaica

## Conclusion

The dual youth-adult unemployment crisis in Kenya is a hot pot ballooning into an economic snarl-up that has the real potential of fueling socio-political protests in the run up to 2022 general elections. This situation provides policy makers with an opportunity to engage strategic approaches and proactive actions to avert the looming crisis.



Photo Credit: line.17qq.com



Photo Credit: Neo Tech Kenya Agribusiness

## Recommendations

1. The Ministry of Devolution and county governments to harness and develop programs targeting unexploited resources of counties to create more job opportunities for graduating college youth and stem rural-urban migration.
2. The Ministry of Devolution and Planning and Ministry of Youth Affairs to develop multi-sectoral entrepreneurship innovation centres at each sub-county to mentor graduating college youth on job-creation and business development, while offering incentives to investors in rural counties.
3. The Technical Vocational Education and Training Authority (TVETA) to initiate relevant adult education programs targeting unemployed adults to upgrade their skills to meet the job market demands while offering more courses on job creation skills.
4. The Ministry of Youth Affairs and Ministry of Industrialisation to enhance supervision of youth projects and allocate more funds for innovative projects on agri-business and cottage industries at county level which have the capacity to absorb as many job seekers as possible.
5. The Ministry of Education to introduce entrepreneurship and job creation skills as a core subject taught in the curriculum of basic, tertiary and University education in Kenya. This will orient school leavers and college graduates to the realities of the job-market, eliminate false hopes while sharpening their skills for the labour market.



Photo Credit: United Nations Foundation

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