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Statistics on Informal Employment in Kenya

This fact sheet summarizes statistics on employment – and, in particular, on urban informal employment – in Kenya. The statistics are based on analysis of the Kenya Integrated Household Budget Survey of 2004/6, conducted by the National Bureau of Statistics (at that time called Central Bureau of Statistics).

The Size and Shape of Employment

The survey records a total population of nearly 30 million people, of whom 68 per cent – over 20 million – are 15 years or older. Labour statisticians call this age group the population of “working age”. Women account for just over half – 51 per cent – of people of working age people.

The survey records 13.4 million people as being employed i.e. doing work that is counted when calculating gross domestic product (GDP), and 12.8 million of employed people are aged 15 years and above. Among the children, boys under 15 years are slightly more likely than girls to be employed.

The 12.8 million employed people account for nearly two-thirds (64 per cent) of all working age people, with another 6 per cent unemployed but wanting to work, and the remaining 30 per cent “not economically active”. The latter category includes, among others, full-time homemakers, full-time students and people who are too old to work. About two-thirds (34 per cent) of working age women are not economically active, compared to a quarter (25 per cent) of working age men. In contrast, 67 per cent of working age men are employed, compared to 60 per cent of women. This pattern is expected as women do a lot more unpaid work in the household than men, such as caring for children, sick people and old people, and doing the housework, and this work makes it more difficult for them to do GDP work.



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Nearly half (48 per cent) of all employed people in Kenya are women. However, women and men tend to do different types of work. For example, 39 per cent of men are paid employees earning a wage or salary, but only 18 per cent of women. In contrast, 37 per cent of women are own-account workers who work for themselves with no regular employees, compared to 31 per cent of men; 29 per cent of women are unpaid family workers compared to 22 per cent of men; and 11 per cent of women are unclassified forms of self-employment, compared to 4 per cent of men. Adding the last three categories together, 77 per cent of women are self-employed but not employers, compared to 57 per cent of men.

If we look only at non-agricultural work in urban areas, both men and women are more likely than for the country as a whole to be paid employees. However, there is still a big gender difference – 70 per cent of men compared to 51 per cent of women are paid employees. The gender difference for own-account workers in urban areas is also bigger than for the country as a whole – 31 per cent of women compared to 21 per cent of men are in this category.

Informal Work

These patterns are matched by differences between men and women as to whether they do formal or informal work.

We define non-agricultural own-account workers and employers as informal if their enterprise is not registered. Unfortunately, agricultural own-account workers and employers cannot be defined on this basis as they are not asked if their enterprise is registered. However, the majority are probably informal. For employees, there is unfortunately no information on social protection on which to base an informal-formal distinction. Instead we classify a worker as formal if they work for a formal institution. This over-estimates the number of formal workers as some workers employed by formal institutions will lack social protection.

Still looking at non-agricultural urban work, we find that overall 34 per cent of the workers are formal and 61 per cent informal, leaving 4 per cent who cannot be classified as formal or informal. This average hides marked gender differences. Thus 40 per cent of men are formal workers, compared to 26 per cent of women, 58 per cent of men are informal workers compared to 66 per cent of women. The remaining 2 per cent of employed men and 8 per cent of women do not have enough information to classify them as formal or informal.

Overall, 38 per cent of all urban informal non-agricultural workers are in trade, 25 per cent in non-domestic private services, while 10 per cent do domestic work. Again there are marked gender differences. Nearly half (48 per cent) of women informal workers in urban areas are in trade, compared to 30 per cent of men. The next biggest category of urban informal workers after trade is in services other than domestic work. This category accounts for about a quarter of women and men doing informal work in urban areas. In contrast to the gender pattern in trade, 13 per cent of men are in construction, but very few women, and 8 per cent of men are in manufacturing but only 2 per cent of women.

If we compare different urban areas, over half (51 per cent) of informal workers in coastal urban areas are in trade, compared to 35 per cent or 36 per cent in Nairobi and other urban areas. But the coastal urban areas have a smaller proportion of workers in non-domestic service jobs than elsewhere.

Domestic Workers and Street Traders

WIEGO and the organizations with which it collaborates are especially interested in four categories of informal workers – domestic workers, street traders, home workers, and waste collectors. Unfortunately, the Kenyan survey can only give us statistics on domestic workers and street traders.

We define as domestic workers those who report that their occupation is “cleaner/domestic worker” or that their sector of employment is “domestic services”. The survey records a total of over 160,000 domestic workers in urban areas, of whom 82 per cent are women. Expressed differently, 14 per cent of employed urban women are domestic workers, compared to 2 per cent of men. There are only small differences across the different urban areas in the prevalence of domestic work.

We classify as street traders those with occupation code 911, which is defined as “street vendors and related”. The survey records more than 220,000 urban street traders, of whom 63 per cent are women. Thus 15 per cent of employed urban women are street traders, and 6 per cent of employed urban men. Street traders are much more common in coastal urban areas than elsewhere. Thus 19 per cent of employed people in coastal urban areas are street traders, compared to 7 per cent or 8 per cent in Nairobi and other urban areas.

Earnings

The survey asks how much each employed person earns. As in all surveys, it is likely that many people under-report their earnings, or report them inaccurately. An added difficulty is that self-employed income is not reported in the labour market section of the questionnaire, but must instead be calculated from income and expenditure variables in another section of the questionnaire. We thus need to be cautious when looking at the statistics on earnings. The statistics can probably tell us something about the broad patterns, but will not be accurate on detail.

For the country as a whole, the overall monthly reported average is a little under 12,000 shillings. However the average for men is one and a half times the average for women.

If we look only at urban non-agricultural work, the overall average is over 18,500 shillings. But the average for men is 1.6 times the average for women.

When we look only at informal urban non-agricultural work the average drops sharply to less than half the average for all urban non-agricultural work, including both formal and informal. But the gender gap gets even bigger than before. Now the average for men is 1.7 times the average for women.

There are also big differences between earnings of informal workers in different urban areas. In Nairobi the average is more than one and a half times as large as the average for coastal urban areas and other urban areas.

Domestic workers record extremely low wages, equivalent to only about a third of the average earnings of all informal urban non-agricultural workers. Street traders earn much more than domestic workers, but their earnings are still only just over three-quarters the average for all informal urban non-agricultural workers.

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