Skills Mismatch Survey

5th December 2018

Research Report
In today's world, knowledge is considered the engine that drives a country’s economy. Any mismatch in knowledge that graduates possess and markets require would not make the economy more effective.

In Kenya, there has been an increased trend in skill mismatch among employees in the Labour market. According to the 2010/2011 National Manpower Survey Basic Report (NMS), each year, our education and training institutions churn out tens of thousands of graduates who end up in careers for which they were not trained.

This anomaly, described as a skills mismatch by Labour economists, leads to wastage and impedes Kenya’s global competitiveness. It has also leads to mass unemployment among Kenyans. Based on a report by the Kenya Institute for Public Policy Research and Analysis (KIPPPRA), about three in 10 Kenyans aged 15 to 64 are unemployed.

This necessitates a survey to understand the educational mismatch between the knowledge graduates possess and market demands.
Research Objectives

Specifically the study will sought to:

- Determine among employers the proportion of workers whose education level is higher or lower than their job i.e overqualification
- Identify hard and easy to fill vacancies among members of FKE
- Determine the percentage of firms identifying an inadequately education workforce as major constraint
- Determine the proportion of members who incur additional cost to re-train fresh graduates and by sector
- Determine/ identify the emerging skills and competences that will become increasingly key to succeed in the fast changing world of work.

The main objective of this survey was to investigate skills mismatch between what employers demand and the supply from higher institute of learning.
## Methodology Overview

### Data Collection Methodology

- Used a mix of both qualitative and quantitative approaches which involved the following techniques:
  - Desk Research
  - Computer Aided Telephonic Interviews (CATI)
  - Key Informant Interviews

### Target Respondents

- Government Ministries - Education & Labour
- Employers (specifically human resource managers) in Kenya (both public and private in the following sectors: Agriculture, Banking and Finance, Retail, Building and Construction, Education, Energy, Information and Technology, Manufacturing and Tourism
- Academic institutions (universities)

### Data Collection Dates

- 19th September - 7th November 2017

### Sample Size

- 292 CATI Interviews
- 4 KIIs
Firmographics and hiring outlook
Firmographics

Sectors

Manufacturing 20%
Wholesale and retail trade 9%
Service 8%
Health and Social Work 7%
Education 7%
Finance 5%
Agriculture, forestry and fishing 5%
Tourism 4%
ICT 4%
Hotel and restaurant 4%
Energy and water supply 4%
Construction 4%
NGO 3%
Transport 3%
Real estate, renting and... 3%
Engineering 3%
Social work/ community... 2%
Consulting & Strategy 2%
Associations/Business... 1%
Shipping 1%
Housing 0%
Legal 0%
Public Administration 0%
Mining and quarry 0%

Base =292

Organization Annual Turnover

Refused to answer 58%
Below KES 5,000,000 6%
KES 5,000,001 to 10,000,000 4%
KES 10,000,001 to 50,000,000 7%
KES 50,000,001 to 100,000,000 11%
KES 100,000,001 to 1 Billion 6%
KES 1 Billion to 5 Billion 5%
Over KES 5 Billion 3%

Number of employees

More than 250 20%
Less or equal to 99 55%
100-250 25%
A greater percentage of employers are optimistic of their businesses for the next 3 years with nearly half (46%) planning to retain their staff. The plans to either increase or decrease cuts across all departments.

Q. What do you plan to do with the number of employees in the next 3 years?

- **Increase**: 38%
- **Retain the numbers**: 46%
- **Decrease**: 16%

**Areas/Departments to Increase**
- All departments: 8%
- Don’t know: 6%
- Technical positions: 5%
- Production: 5%
- Programmes or projects: 5%
- New branches: 5%
- Sales: 5%
- Research: 5%

**Areas/Departments to Decrease**
- Don’t know: 61%
- All departments: 9%
- Production: 7%
- Casual laborers: 2%
- Service department: 2%
- Administration: 2%

Base = 292

Q. Which department do you intend to increase?

Base = 111

Q. Which department do you intend to decrease?

Base = 47
Over-qualification in the Job Market

Objective: To determine among employers the proportion of workers whose education level is higher or lower than their job
Graduates are slowly squeezing out the diploma and certificate qualified personnel in the job market. This a project of a higher skilled economy with more people having a graduate degree as compared to diploma or rather certificate qualification.
Q. Do you have positions in your organization with the basic requirement being a degree course and yet those who apply and are recruited have a masters degree qualification?

Uptake of masters degree courses is on the rise in the job market offering competition for job positions with a degree requirement.
Job Application Trends

Objective: To identify hard and easy to fill vacancies among FKE members.
Q. Generally, which job positions/specialties do you normally find ALOT of people applying for in your institution/organization?

**Most Applied Job Specialities**

<table>
<thead>
<tr>
<th>Speciality</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountants</td>
<td>28%</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>14%</td>
</tr>
<tr>
<td>Office clerks</td>
<td>11%</td>
</tr>
<tr>
<td>Engineers</td>
<td>9%</td>
</tr>
<tr>
<td>Technicians</td>
<td>8%</td>
</tr>
<tr>
<td>Business administration</td>
<td>7%</td>
</tr>
<tr>
<td>IT Personnel</td>
<td>6%</td>
</tr>
<tr>
<td>Waiters</td>
<td>6%</td>
</tr>
<tr>
<td>Machine operators</td>
<td>4%</td>
</tr>
<tr>
<td>Teachers</td>
<td>4%</td>
</tr>
<tr>
<td>General staff</td>
<td>4%</td>
</tr>
<tr>
<td>Human resource</td>
<td>3%</td>
</tr>
<tr>
<td>Research officers</td>
<td>3%</td>
</tr>
<tr>
<td>Nurses</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Sector**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Most applied position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>Accounting</td>
</tr>
<tr>
<td>Construction</td>
<td>Accounting</td>
</tr>
<tr>
<td>Consulting &amp; Strategy</td>
<td>Office clerks</td>
</tr>
<tr>
<td>Education</td>
<td>Teachers</td>
</tr>
<tr>
<td>Energy and water supply</td>
<td>Accounting</td>
</tr>
<tr>
<td>Engineering</td>
<td>Engineers</td>
</tr>
<tr>
<td>Finance</td>
<td>Accounting</td>
</tr>
<tr>
<td>Health and Social Work</td>
<td>Nurses</td>
</tr>
<tr>
<td>Information, Communications &amp; Technology (ICT)</td>
<td>Engineers</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Sales and Marketing</td>
</tr>
<tr>
<td>Real estate, renting and business service</td>
<td>Sales and Marketing</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>Sales and Marketing</td>
</tr>
<tr>
<td>Tourism</td>
<td>Waiters</td>
</tr>
<tr>
<td>Associations/ Business Membership</td>
<td>Office clerks</td>
</tr>
</tbody>
</table>

Base = 292
There are few managers and technical staff in the labour market. Jobs which require technical skills have few applications.

**A few People Apply for**

<table>
<thead>
<tr>
<th>None</th>
<th>27%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Management</td>
<td>12%</td>
</tr>
<tr>
<td>Technical positions</td>
<td>9%</td>
</tr>
<tr>
<td>Human Resource</td>
<td>7%</td>
</tr>
<tr>
<td>Electrical Engineering</td>
<td>4%</td>
</tr>
<tr>
<td>Cleaners or groundworkers</td>
<td>4%</td>
</tr>
<tr>
<td>Casual Labourers</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Sector** | **Least applied position**
--- | ---
Agriculture, forestry and fishing | Management
Construction | Management & Human Resource
Consulting & Strategy | Technical positions
Education | Cleaners or ground workers
Energy and water supply | Management
Engineering | Technical positions
Finance | Management
Health and Social Work | Management
Information, Communications & Technology (ICT) | Cleaners or ground workers
Manufacturing | Technical positions
Real estate, renting and business service | Management
Wholesale and retail trade | Human Resource
Associations/ Business Membership | None

Q. Generally, which job positions/specialties do you normally find FEW people applying for in your institution/organization?

Base = 292
Hard to fill vacancies

Vacancies that have taken more than 6 months

- **Yes**: 16%
- **No**: 84%

**Q.** Do you have any vacancies that has taken more than 6 months to fill in your institution/organization?

**Q.** If Yes, which positions has taken more than 6 months to fill in your institution/organization?

- **% Yes (n=47)**
  - Business administration (15%)
  - Management (13%)
  - Sales and marketing (11%)
  - Technical personnel (11%)

**Reasons for Hard to fill Vacancies**
- Lack of required skills (22%)
- Lack of experience (19%)

**Actions taken for the hard to fill Vacancies**
- Increased advertisement (38%)
- Head Hunting (29%)

Base = 292
Recruitment at Entry Level

Objective: Determine the proportion of FKE members who incur additional cost to re-train fresh graduates.
Recruitment at the entry level

Over half (63%) of employers recruit staff at entry level. Most of the recruitment at the entry level is lower managerial and non-technical positions such as office assistant or clerk. Approximately 4-10 staff are recruited at the entry level. To bring the entry level recruit to fully adjust or acclimatize and be productive in their position, employers opt to retrain and have induction sessions for the recruits.

Q. Do you recruit/employ staff at the entry level with little or no experience?
Q. What job specialty/title?

Recruit at entry level

- Yes 63%
- No 37%

Base = 292

Acclimatization of entry level recruit
- Re-training (65%)
- Induction session (63%)
- Job shadows (10%)

% Yes (n=182)
- Office assistance or clerk (23%)
- Support staff (14%)
- Finance and accounting (13%)
On average, 68% of entry level recruits take up to 3 months to settle and perform on their job. This is attributed to the time taken in the training and induction of the recruit.

Q. Generally, how long does it take for the entry level recruit to settle and perform on the job employed?

Q. If more than 30 days, why do you say it takes long to settle on the job employed?

- Time taken on training and probation is long
- Familiarizing with the environment
- Taught practical /application of the theory learnt in tertiary institution and that takes time
- They engage in specialized training
- Some are slow learners and take time to get familiar with rules and regulations
- Lack exposure/experience
- Lack of training from the universities
A greater proportion of employers incur a cost in retraining the fresh graduates. Work & occupation basics, Customer service, and knowledge about the organization and policies are among the key topics covered in training of fresh recruits. 55% of employers have the trainings session between one and three times.

Employers spend between Ksh 20,000 – Ksh 100,000 in retraining the fresh graduates.

Q. Which topics do you have for the training? Q. How often do you conduct trainings for each person to be able to effectively perform his/her job?
Employers have a training programme for fresh graduates and also feel that effecting the government pledge of paid internships would improve the skill labour.
Skills Mismatch

Objective:
- To determine the percentage of firms identifying an inadequately educated workforce as major constraint
- To investigate skills mismatch between what employers demand and the supply from higher institute of learning.
Agreement with various attributes

Most graduates do not have the right technical skills to perform on their jobs without experience/training - 64%

Most graduates do not have the right life skills to perform on their jobs without experience/training - 44%

Most graduates do not have the right interpersonal skills to perform on their jobs without experience/training - 41%

Higher proportion of employers feel that graduates do not have the right technical skills to perform their jobs without training.
Q. On a scale of 1-10, how do university graduates come prepared to take entry level positions in an organization?

A greater proportion of fresh graduates are unprepared to take entry level jobs.
Suggestions from employers

<table>
<thead>
<tr>
<th>Suggestion</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer more practical skills</td>
<td>29%</td>
</tr>
<tr>
<td>Have more internships, industrial attachment for training and follow up</td>
<td>12%</td>
</tr>
<tr>
<td>Review curriculum to have courses relevant to industry and job market</td>
<td>11%</td>
</tr>
<tr>
<td>More technical skills</td>
<td>9%</td>
</tr>
<tr>
<td>Consult industry stakeholders when preparing curriculum</td>
<td>5%</td>
</tr>
<tr>
<td>Impart work ethics and life skills</td>
<td>4%</td>
</tr>
<tr>
<td>Expose and educate learners on real job market</td>
<td>4%</td>
</tr>
<tr>
<td>Teach communication skills</td>
<td>2%</td>
</tr>
<tr>
<td>Teach soft skills</td>
<td>2%</td>
</tr>
</tbody>
</table>

Base = 292
Emerging Skills & Competencies

Objective: To determine/identify the emerging skills and competences that will become increasingly key to succeed in the fast changing world of work.
## Emerging Skills or competency

### Technical (54%)
- Computer literacy
- IT skills
- Tech Savvy
- Analytics
- Literacy
- Accounting skills
- Customer relations
- Machine operation
- Stock Control
- Marketing skills
- Public relations skills
- Health and safety skills
- Basic Management skills
- Administration skills
- Project Management
- Proposal writing
- Record management skills
- Research Skills
- Engineering skills
- Event management

### Soft (17%)
- Interpersonal skills
- Communication skills
- Negotiation skills
- Office etiquette
- Time management
- Hospitality skills

### Attitude (19%)
- Handle pressure
- Fast learners
- Innovativeness
- God fearing
- Hardwork
- Couteous
- Responsibility
- Team work
- Creativity
- Hygiene
- Multitasking
- Problem solving
- Productivity
- Agressiveness at work
- Exposure on current affairs

### Other comments (10%)
- Depends with job
- Everything
- Nothing or No idea

Q. What are the emerging skills or competency which employees should have?

25
Improvement Suggestions
Suggestions for Tertiary Institutions

- Review curriculum to have courses relevant to the Labour market
- Impart sufficient skills and competency to the students so that organizations doesn’t have to spend much money on training on those competence
- Have a direct link between faculties and employers
- Offer more practical skills to graduates
- Have more attachment programmes for their students
- Have employer and Tertiary Institution forums
Suggestions for the Government

Need to review curriculum to meet labour needs—Putting more practical oriented units, ensuring all the students who graduate are exposed to more contact hours in terms or practical training.

Ensure effective implementation of the curriculum by the tertiary institutions.

Provide policy guidelines which will lead the sector in the right direction.
Suggestions for Employers

- Engage the training institution and share their labour requirements of graduates
- Take attachment and internship programs as a cooperate social responsibility for an organization
- Offer opportunities for students during the attachment/internship period to learn more on the industry related work
- Channel their voices through FKE in case of areas of skill mismatch in their industry
Suggestions for Learners

- Retrain if you were trained and still unemployed
- Do research and consult widely before taking course
- Learn soft and interpersonal skills