

Abstract

Kenya's service-sector expansion has not automatically produced structural transformation. This article combines descriptive World Development Indicators for 2006–2024 with a structured integrative synthesis of peer-reviewed and institutional evidence. It assesses how services can support productivity, exports, employment and production linkages. Services increased from 50.4% to 55.7% of GDP between 2006 and 2024, while their employment share rose from 33.1% to 41.2%. Over the same period, industry's share of GDP declined from 19.4% to 16.3%. Average services growth exceeded overall GDP growth. However, services trade fell from 14.9% to 11.4% of GDP, indicating weak external orientation. The article develops a five-channel framework and differentiates six service portfolios using scalability, tradability, linkages and inclusion. It concludes that Kenya should combine modern tradable services, production-enabling services and upgraded local services. The study offers a diagnostic policy framework rather than causal estimates.