THE DEVELOPMENT OF PERSONNEL AND INDUSTRIAL RELATIONS IN KENYA

BY

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A Thesis submitted in part fulfilment of the requirements of the degree of

MASTER OF BUSINESS AND ADMINISTRATION

in the

Faculty of Commerce
University of Nairobi

May 1975

This Thesis is my original work and has not been presented for a degree in any other University.

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This Thesis has been submitted for examination with my approval as University Supervisor

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SUMMARY OF THESIS CONTENTS

This thesis examines the development of personnel and industrial relations in Kenya since the country was introduced to international capitalism through British colonialism. As the external employment environment greatly influences the personnel policies adopted by the various employers, a historical analysis of the processes that have structured this external environment opens the discussion.

It is argued that Britain exported her unemployed to Kenya and simultaneously effected a systematic disruption of the indigenous economies thus sowing the seeds of unemployment for the local population. Extensive land alienation and the concomittant forced labour policies were the initial techniques used to disrupt the local economies. Moreover, taxation policies coupled with creation of new wants worked to disrupt the indigenous economies. In later colonial period there was little need for resorting to force to acquire labour since already landlessness and other factors had ensured a more or less stable labour force.

Yet, employment opportunities in the modern sector later proved incapable of meeting the increased demand for wage-labour, and by the time of independence, unemployment had become a major threat to the nascent national bourgeoisie. The point to emphasise is that the degree of dislocation of the indigenous economies by far surpassed the creation of alternative employment opportunities in the modern sector, and this by definition resulted in unemployment.

Harsh treatment of African workers by the employers was institutionalised. For instance, payment by race characterised both the public and the private sector. The Europeans and Asians enjoyed the best remuneration while Africans were the least paid even if they did the same type of work as members of the privileged races.

Surprisingly, this discrimination in remuneration is probably being practised by some firms.

The following factors largely explain the unemployment problems in Kenya at the moment. First, the unbridled concentration of the instruments of production (including land) in a few hands renders a significant portion of the increasing population unemployed since paid employment opportunities are inadequate. Secondly, the heavy reliance on foreign investors which started as soon as Kenya became a British colony and has been perpetuated into the post-colonial period results in few employment opportunities being created since these investors prefer to use labour saving technologies probably due to the uncertainty of the political future of the country.

Thirdly competition between foreign and local investors has played some part in creating unemployment. In the de jure colonial era, Africans were not allowed to participate in commercial agriculture or small businesses in towns since their participation in such activities would have meant diminution of labour supplies to the foreign-owned modern sector. Today, some foreign-owned companies involve themselves in economic activities which Africans could otherwise benefit from.

Finally, foreign companies ensure that the nationals of their countries of origin dominate top management positions. As Hesseling has observed, in key managerial positions abroad expatriate managers are over-represented.[a] This is particularly evident in Kenya. Thus employment opportunities which could otherwise have been open to Africans are occupied by foreigners most of whom are of European and North American origin. In this respect Kenya is still largely the "White Man's Country".[b] If

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[a]Hesseling, P., "Organisational Behaviour and Culture: The Case of Multinational Enterprise," Assen: 1971, p.8

[b]Title of a book by Huxley, E. published in London in 1935 in two volumes.

it is possible to justify engaging foreigners in the technical jobs where local skills are scarce, it is hardly easy to see why general management positions in the private sector should be occupied by expatriates except in terms of the English saying that whoever pays the piper calls the tune.

The acute unemployment problem in Kenya has meant that competition for the few paid employment opportunities that exist is stiff and the implications of this situation on personnel and industrial relations have been discussed thoroughly particularly in Chapters II, III and IV. Such undesirable features as favouritism in recruitment and other personnel matters are manifestations of the pandemic unemployment in the country. The multi-racial and multi-tribal composition of the Kenyan society just aggravates the problem of irregularities in personnel administration. So too, the generally unsatisfactory industrial relations in the country are reflective of an economy with an over supply of labour since employers can easily substitute workers. Under these circumstances, the possibility of even the most minimal workers' participation in managerial functions is remote.

Workers' participation in management is taken to mean that those below the top of a production unit's hierarchy take part in the managerial functions of the enterprise. Thus, they structure their work situation by determining the tasks that are to be done, the conditions and terms under which they are carried out, and the compensation offered in return for work performed. It is argued that the property-relationships that exist in the country put sharp limits to sound workers' participation.

The two case studies in the thesis, illustrate selected personnel and industrial relations policy areas. These case studies are based on research conducted in two private firms - one engaged in the engineering trade and the other in the textile trade. Such aspects of personnel management as recruitment, training, promotion and the like have been discussed. So too, unionism, wages, management styles, and external influences on each of the two firms have been considered. Significant differences between the policies followed by the two firms have been given tentative explanations. Reading through the case studies, it will be apparent that the allegations made against some practices such as favouritism in personnel selection and resistance by private companies to Africanise certain positions may be justified.

The theme of workers' participation in management has been pursued in the final chapter and the conclusion reached is that workers' participation is not possible in the absence of social ownership of the instruments of production. In the Kenyan context, this means a complete overhaul of the present property relationships.

A C K N O W L E D G E M E N T S

Needless to say, a work of this nature has been the outcome of co-operation and assistance of several people. My first debt is to Dr. J. S. Henley who not only took pains to personally introduce me to the two firms in which research was carried out but also read the manuscripts and the final draft making constructive criticisms and offering useful suggestions. Many thanks are also due to Mr. D. Landry for his constructive criticisms. The management and workers in the two firms provided me with invaluable assistance.

Money for field work and typing was made available through the Canadian International Development Agency.

I would like to thank Mrs. Bernice Kibaki for her patience in typing the almost unreadable manuscripts. Finally, my wife and son deserve thanks for the inevitable loss of my company for long hours during the preparation of this thesis.

CHAPTER I

AN OVERVIEW OF

THE EMPLOYMENT ENVIRONMENT IN KENYA

1. HISTORICAL ANTECEDENTS

Any analysis of the Kenyan employment environment that does not take into account the historical basis of this milieu is bound to be incomplete and probably inaccurate. Real understanding of the current employment difficulties facing the country rests upon grasping the socio-political and economic processes that through time have determined the present situation. In this section, therefore, we shall consider the historical development of Kenya's employment environment with a view to laying the foundation for the consideration of the present environment.

In his book,"Imperialism, the Highest Stage of Capitalism," Lenin quotes Cecil Rhodes, a pro-colonial English statesman as having said the following in 1895:

> "I was in the East End of London yesterday and attended a meeting of the unemployed. I listened to the wild speeches which were just a cry for 'bread','bread', 'bread', and on my way home I pondered over the scene and I became more than ever convinced of the importance of imperialism .... My cherished idea is a solution for the social problem, i.e. in order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands to settle the surplus population, to provide new markets for the goods produced by them in the factories and mines. The Empire, as I have always said, is a bread and butter question. If you want to avoid civil war, you must become imperialists"[1]

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[1]Lenin, V.I. "Imperialism, The Highest Stage of Capitalism, New York: International Publishers, c. 1939, p. 79.

We need not look at the merits or demerits of this statement here. Suffice it to say that the Marxist-Leninist tradition blamed the social, political and economic malaise facing Europe, and Britain in particular, on capitalism. Part of this malaise was mass unemployment which led the owners of means of production to lower real wages, with the consequent pandemic industrial unrest. Britain, being the most industrialised European nation was hit hardest by the contradictions in the capitalist system. The country faced recurrent industrial strife in the various industrial cities in the form of strike movements. In the words of Hobsbawm,

> "What held all these movements together, or revived them after their periodic defeat and disintegration was the universal discontent of men who felt themselves hungry in a society reeking with wealth, enslaved in a country which prided itself on its freedom, seeking bread and hope, and receiving in return stones and despair."[2]

Hobsbawm goes on to illustrate that between 1885 and 1899 the distribution of wealth in Britain was as follows: 1% of the population consisted of the millionaires and the very rich; 2% consisted of the rich; 10.7% consisted of the middle class; and 86.9% consisted of the <u>struggling and the poor</u>.[3] This was, of course, the time when the "scramble for Africa" was at its height. The argument that the colonies became the buffer between the European bourgeoisie and adverse political, social

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[2] Hobsbawm, E. J.: "Industry and Empire", Penguin; Middlesex, 1969, p. 95.

[3] Hobsbawm, ibid, p. 358

and economic circumstances, therefore, becomes all the more tenable.

Kenya became a de jure British Colony in 1920. The presence of the British in the country was of course felt as early as 1895, although the status of the future colony was not very well defined then.[4] Already, however, the exploitation of the resources - human and natural - had begun. The Imperial British East Africa Company, which had the mandate to rule Kenya on behalf of the British government had already started its economic activities. Similar companies, for instance the United Africa Company in West Africa, De Beers Consolidated Mines Company and the British South Africa Company in Southern Africa, had gone a long way in the process of preparing the areas in which they operated for capitalist development. It goes without saying therefore that the essence of colonialism had been felt long before the formal declaration of colonial status for Kenya. Hassert described the essential elements of colonisation as follows:

> "Colonisation consists in the utilisation of the soil, its products and its men for the economic profit of the colonising nation".[5]

This was already taking place in Kenya before the country was formally declared a colony. Fischer expressed his feelings about what colonialism is by asserting that "colonising Africa is making the negro work."[6] And the negro was made to work in Kenya well before the country was declared a British colony. Circumstantial evidence of this is available. Peristiany says,

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[4]Prior to 1920, Kenya had the status of a "Protectorate".

[5]Quoted in Lugard, F.J.D., "The Dual Mandate in British Tropical Africa," Edinburgh and London, 1923, p.391.

[6]Lugard, ibid

> "The first contact of the Kipsigis with the Europeans was an inauspicious one. A road was being opened from Sotik to Uganda in 1899 and the administration tried to force the natives (Kipsigis) to work on it. This they refused to do, as they consider all forms of heavy labour as undignified, and they assumed a frankly hostile attitude."[7]

Further evidence that the essential features of colonialism were operating in Kenya before the country was formally declared a colony is available from government directives to the administrators to have the latter secure labour for European farms. The following is an extract from the Labour Circular No.1 issued in Nairobi on 23rd October, 1919. Among other things, the circular stated:-

"1. There appears to be still considerable shortage of labour in certain areas due to reluctance of the tribesmen to come out into the labour field; as it is the wish of the Government that they should do so, His Excellency (GOVERNOR) desires once again to bring the matter to the notice of Provincial and District Commissioners, and at the same time to state that he sincerely hopes that by an insistent advocacy of the Government's wishes in this connection an increasing supply of labour will result.

2. His Excellency trusts that those officers who are in charge of what is termed labour supplying districts are doing what they can to induce an augmentation of the labour for the various farms and plantations .... and .... the larger and more continuous the flow of labour from the Reserves the more satisfactory will the relations as between the native people and the settlers and between the latter and the Government.

3. His Excellency wishes to reiterate certain of his wishes and to add further instructions as follows:-

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[7]Peristiany, J. "Social Institutions of the Kipsigis, (Oxford 1939), p.4.

(a) All Government officials in charge of native areas must exercise every possible lawful influence to induce able-bodied male natives to go into the labour field. Where farms are situated in the vicinity of a native area, women and children should be encouraged to go out for such labour as they can perform.

(b) Native Chiefs and Elders must at all times render all possible lawful assistance on the foregoing lines. They should repeatedly be reminded that it is part of their duty to advise and encourage all unemployed young men in the areas under their jurisdiction to go out and work on the plantations ...."[8]

After being recruited, the African labourers were ill-treated at work. Overt brutality has been well documented. Norman Leys noted that beating of employees by employers was common, and supported by the public opinion of the European community. In his own words,

> ".... though illegal, the powers of employers to fine and flog is supported by public opinion. Natives of course are rarely aware that such practices are illegal and practically never take a European to court."[9]

Governor Percy Girourd had this to say,

> ".... the European and Indian employer frequently takes no personal interest in the welfare of his labourers and allows them to be badly housed and

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[8] Ross, W. M., "Kenya From Within", (London, 1927) pp. 104-105

[9] Quoted in Miracle, M.P., "Myths about the Behaviour of Kikuyu Labourers in the Early Colonial Period", Working Paper No. 157, Nairobi I.D.S., April 1974.

> indifferently fed, whilst if the labourer offends or does not give satisfaction to his employer he is at times flogged."[10]

He went on to argue that,

> ".... several up-country natives died at both the Coast and after their return to their homes of malignant malaria and abdominal troubles. These deaths were due principally to the weak state of the natives and to improper feeding ... the report that numbers of deaths have occurred at the Coast has been spread far and wide with the result that other natives have been shy of going out to work, for when a place or district receives a bad name it becomes unattractive and we will not proceed there."[11]

The foregoing has been an attempt to illustrate that in fact, the essential elements of colonialism did exist in Kenya before the country was formally declared a colony. The analysis is illustrative of the labour and employment policies that prevailed and were to continue to prevail under the de jure colonial situation.

2. EMPLOYMENT IN LARGE SCALE COMMERCIAL AGRICULTURE

By 1920, when Kenya had formally acquired the status of a colony, a sizable settler community had found their new home in the country's rich highlands. Here, they had established large farms and plantations which depended entirely on African labour. As Africans were unwilling to work for the Europeans, three basic methods of ensuring a sufficient supply of labour were adopted. These were as follows: First, there was forced labour for the private farms. Secondly, there was the squatter system which entailed licensing of Africans by

[10]Miracle, Op cit

[11]Miracle, op cit

European farm owners to stay in their (European) farms, and cultivate plots of land on a part-time basis, while spending the bulk of their time working in the European farms. Finally, there was the migrant labour system. We need not go into the details of describing these three systems of acquiring labour for the European farms. One important thing to notice, however, is that the remuneration policy ensured that the labourers got the minimum wages possible. Worse still, their conditions and terms of work were very vaguely defined resulting in lack of job-security. The aim of the settlers was to get as much as possible out of African labour for as little as possible. John Iliffe notices that,

> "Towards the end of the German period, the wages of estate labour were two or three times as high in Tanganyika as they were in Kenya."[12]

The notorious Kipande system, whereby all African males were required to carry a work certificate containing their finger-prints was one of the legal arms to execute forced labour policy. Its original purpose, as conceived in 1920, was to ensure that Africans under compulsion to work for government did not escape doing their work for the stipulated number of days each year. In effect, however, the certificate helped tracing Africans who had deserted European farms and plantations. Breach of contract of employment was punishable by imprisonment.[13] The Kipande came into disuse only after the onset of Mau Mau rebellion, although all along it had led to considerable tension between Africans and the government. The Kipande system was therefore a means to the end of ensuring an adequate labour supply for the farms and plantations.

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[12] Iliffe, J., "Agricultural Change in Modern Tanganyika; An Outline History," (E.A. Publishing House, 1971) p.15.

[13] Middleton, J., "Kenya: Administrative Changes in African Life, 1912-45" in History of East Africa, Vol.2 by Harlow, V. and Chilver, E.M. (Oxford, 1965) p.356.

> "In my view, the effect of the Crown Lands Ordinance 1915 and the Kenya (Annexation) Order in Council 1920 by which no native rights are reserved, and the Kenya Colony Order in Council 1921, as I have already stated, is clearly inter alia to vest land reserved for the use of the native tribe in the Crown. If that be so, then all native rights in such reserved land whatever they be under the Gethaka system disappeared and the natives in occupation of such Crown Land become tenants at will of the Crown on the land actually occupied."[15]

In 1926, however, legal land rights of Africans in the reserves were recognised. Prior to this date, it was possible to evacuate Africans from any place in Kenya. One cannot help to suspect that denial of land rights was aimed partly at enabling the colonial authorities and the settlers to acquire labour force readily, as all they would have to do is to ensure that a certain section of the population would have no means of livelihood, thus necessitating it to sell their labour to the settlers and other employers.

Apart from individual European settlers, companies did establish their own farms and plantations in Kenya. The labour policies adopted by individual settlers were also adopted by these agricultural companies. In Kericho area, for instance, several companies ran and still run tea estates with African labour. Agricultural companies were mainly run by Europeans who combined their resources together. It is difficult to make any meaningful distinction between the labour policies adopted by individual settlers and those adopted by the agricultural companies. It is on the whole fair to say that the European settler community had by far the greatest influence in shaping government labour policies not only in the agricultural sector but also in the industrial sector, which from 1945 began to

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[15] Civil Case 626 of 1922, quoted in Ross, Op cit, p.87

The rather harsh labour recruitment policies prevailing during the earlier part of the colonial era in both public and private sectors originated mainly from the fact that labour was scarce. The Africans were unwilling to work in European farms and companies because they had alternative means of livelihood. Moreover, harsh treatment by their employers, as has been shown, was a major disincentive. Extensive land alienation had of course disrupted the African economies. For instance, the Kipsigis people who had been a pastoral people were forced to adopt crop cultivation as their major source of livelihood. In fact, land alienation in their place had been resisted considerably and military force was used to subjugate them. As one of the official documents puts it,

> "A military campaign was sent against a section of the Kipsigis known then as the Sotik, in June 1905 .... The campaigns were undertaken to .... open the unoccupied land in the area for settlement."[14]

Those who want to believe that there was unoccupied land may, of course, do so, but if such land existed, there would have been little need for a military campaign. The argument here is that those Africans who occupied the land that was earmarked for alienation had either to become squatters, in which case they had to work for the owners of the land, or they had to go to the land reserved for the "natives". But land reserved for the natives did not belong to them, but to the Crown, and often it was inadequate. Evidence that Africans did not own any land in Kenya until 1926 is available. One civil case illustrates this point well. The law expert had this to say:

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[14]C. O. 533/29, Memo by Montgomery, 20th March, 1907, in Sadler to Elgin, 10th June, 1907, quoted in Sorrensen, M.P.K., "Origins of European Settlement in Kenya (Nairobi, 1968).

become increasingly urban-located. Prior to 1950, therefore, settler interests were over-represented in economic policies. Yet, as Amsden argues,

> "Settlers and European businessmen ... tended to share common aims in the Legislative Council. The settlers had long stressed the need for solidarity amongst the white community to present a united front against Indians, Africans and even official government representatives. Many of the rural delegates to the Council also combined business pursuits with those of farming".[16]

One of the aims of the settlers was to keep wages as low as possible. As Amsden goes on to show,

> ".... the interests of Kenya's agricultural community had to be taken into consideration when minimum rates were being formulated. Whilst the city life (both material and financial) usually ensured the existence of a plentiful urban labour supply through out the post-war years, there were occasionally shortages of labour in certain agricultural pursuits well into the Emergency - although not nearly to the extent prevailing before the war. Therefore, it was presumed that if wages were raised unduly in the urban areas, labour shortages for rural employers would become acute or alternatively labour costs would be forced up. It was certainly in the best interests of the settlers to keep statutory urban minima as low as possible."[17]

Thus the greater political power of the settler community in Kenya had the effect of maintaining wages at a shockingly low level. In the urban areas, wages paid by the international companies in the early 1950's were quite low. For instance, one engineering company which on the whole has had a

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[16] Amsden, A.H., "International Firms and Labour in Kenya: 1945-70". (London, 1971)p. 47

[17] Amsden, ibid, p. 15

tradition of paying better wages than many other companies in the country used to pay between KSh.30/- and 40/- per month to a machine operator. Now, given the fact that agricultural sector wages were much lower than those obtaining in the industrial sector, it is easy to see why rural-urban drift of workers took place at an increasing scale. Wages as low as KSh. 10/- per month were quite common in the agricultural employment. Agriculture has remained the mainstay of the country's economy, and has provided employment opportunities for a significant proportion of the Kenyan population. This was particularly so in the years prior to the establishment of a significant industrial sector in the urban areas. Moreover, such industrial employment as used to exist was mainly related to agricultural production, and often located in the rural areas.

Thus, in the 1950's roughly 40% of the enumerated labour force in the country was engaged in commercial agricultural employment.[18] The proportion of workers involved in commercial agriculture, has, however, dropped to about 25% of the total employed labour force. Thus, at the moment, 679,700[19] persons are in paid employment throughout the country of whom 180,000[20] are in the commercial agricultural sector. The reason why the commercial agricultural sector employs proportionately fewer workers is that there has been considerable rural-urban migration due to perceived better remuneration in the urban areas. Moreover, the location of most of the companies in the urban areas has also meant increased urban employment opportunities. Nevertheless, commercial agriculture provides job opportunities for a significant proportion of the employed labour force in the country.

It is still true to say that workers in the commercial agricultural sector are paid the lowest wages in Kenya. Table 1

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[18] Kenya: Reported Employment and Wages in Kenya, 1948-60, (Nairobi: East African Statistical Department, Kenya Unit, 1961) p. 4.

19 & 20 Statistical Abstract, 1972

shows the minimum wages paid to agricultural workers.

TABLE I

WAGES PAID ON A MONTHLY CONTRACT BASIS AS OF APRIL, 1973[21]
ACCORDING TO UNION-COMPANY AGREEMENT

Tea Industry Kericho Area	Coffee Industry	Sisal Industry	Mixed Farming Industry
45 hrs. per week	46 hrs. per week	46 hrs. per week	46 hrs. per week
Shs. 117	Shs. 117	Shs. 104	Shs. 85/50

These wages, as we shall see in the following pages, contrast very sharply with those found in the urban based industrial sector. Moreover, in the commercial agricultural sector, women are paid considerably lower wages than men. In fact, this was the practice during the colonial period. Table II shows the minimum wages that women employees get in the four major agricultural industries.

TABLE II

WAGES PAID TO WOMEN ON A MONTHLY CONTRACT BASIS AS OF APRIL, 1973[22] ACCORDING TO UNION-COMPANY AGREEMENT

Tea Industry Kericho Area	Coffee Industry	Sisal Industry	Mixed Farming Industry
45 hrs. per week	46 hrs. per week	46 hrs. per week	36 hrs. per week
Sh. 92/30	Sh. 100/10	Sh. 93/60	Sh. 52/00

[21] Leitner, K. "The Situation of Agricultural Workers in Kenya and the Representation of Their Interests by the Kenya Plantation and Agricultural Workers' Union," Annual Social Science Conference of the East African Universities, 1973.

[22] Leitner, K. Ibid

Equality between women and men in terms of remuneration has been given little attention even in some of the now developed countries. This is especially so in work that involves physical labour. According to Leitner the real justification for the pursuit of such a policy is that the owners of the estates, be they individuals or multinational companies' subsidiaries, wish to obtain cheap additional labour for their enterprises.[23] One of the reasons why international companies move part of their operations in less developed countries is availability of relatively cheap labour. In fact, when labour becomes expensive, more capital-intensive technology is adopted, and as the tendency in Kenya has been for unions to press for better wages and terms and conditions of employment, a more capital-intensive approach is being adopted by the various companies.

Of course wage discrimination by sex could also be explained by the fact that women may be unable to persevere difficulty physical labour to the same extent as men. However, in many African societies, women have been able to do considerably more difficult work and for longer periods of time than men especially as far as agriculture is concerned. Among the Agikuyu for instance, women have been carrying out the tilling of soil, planting of crops, and harvesting at the time when men have been in paid employment in some distant town. Moreover, traditionally, a man who had several wives expected them to produce food for sustenance of their respective nuclear families. This has been

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[23] In the case of tea industry, payment is normally based upon tasks performed. Women are given tasks that are thought to be less demanding than those of men. Therefore, they are paid less money. Leitner, however, argues convincingly that as the employers are the ones who determine the difficulty of tasks, they assign women tasks that earn less money. Since women constitute a significant portion of the labour force, the effect is to weight down the total wage bill. In the tea industry, therefore, there is "indirect" wage discrimination against women which is covered by the right of management to determine which tasks are for men and which are for women.

so in a number of African societies. It is difficult, therefore, to sustain the argument that African women are paid less than men because they do less difficult work. The argument that the employers wish to procure cheaper labour is therefore acceptable. In fact, this wage discrimination based on sex is practised by some urban employers. For instance, one Asian textile company pays women slightly lower wages than men doing the same job. This is provided in the current union-company agreement as follows:

> "Female employees shall be paid eighty-seven ($87\frac{1}{2}$) and a half per cent of the wages payable to the male employees."[23b]

The trade union movement in the commercial agricultural sector has always lagged behind that in the urban industrial sector. Whilst trade unionism in the urban areas began to make itself felt as early as the 1900's, in the commercial agricultural sector, the trade union movement began shockingly late.[24] For want of actual data we will hypothesise that the settler economy and particularly the squatter system brought about a patron-client relationship, some form of institutionalised parternalism and dependency relationship between the settler and his labourers, that would not have permitted any meaningful union development. Moreover, communication between workers engaged by different employers was extremely difficult as a result of the work demands and distance. Also, the use of migrant, intermittent labour could not permit union organisation. So, too, tribal rivalry which was overtly encouraged by settlers militated against establishment of a union movement in the commercial agricultural sector. In the tea estates in Kericho where tea companies employed labourers literally in terms of thousands, almost all tribal groupings were, and still are, represented. Inter-tribal conflict was quite common, and such

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23b See Union-Company Agreement Wages Extract in Appendix B,

24 Singh, M.,"History of Kenya'sTrade Union Movement to 1952", Nairobi, East African Publishing House, 1969, p.6

conflict would have hampered trade union development. At any rate, the settlers used the divide and rule tactic to make union organisation impossible, by say, making a Kuria foreman and charging him with the duty of supervising members of other tribal groupings, thus generating tribal jealousies that would kill any initiative to organise a union. Finally, agricultural labour was easily replaceable as it was and still is largely unskilled. Moreover, labour needs are highly seasonal. This gave considerable power to the employers and union organisation could not take place.

It is therefore not surprising that it is only in 1959 that the first agricultural workers' union was formed. This was the Sisal and Coffee Plantations Workers'Union. The next agricultural workers union to be formed was the Tea Plantation Workers Union, followed by General Agricultural Workers'Union. Finally there was the Kenya Union of Sugar Plantation Workers. The latter three unions were formed in 1960. It is interesting to note that all these unions were formed within the space of little more than a year, reflecting the possibility that the settlers, who were already beginning to feel weak started to relinquish their hold on the workers. Leitner notices that the first agricultural unions were formed in plantations near Nairobi, the centre of trade union activities.[25] Total union membership in the rural sector is about 45,000 at the moment.[26]

3. EMPLOYMENT IN URBAN BASED MANUFACTURING INDUSTRY AND SERVICES

The modern sector employs about 679,700 persons at the moment of whom roughly 258,721 belong to the union movement.[27] These

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[25 & 26] Leitner, Op. cit

[27] Muir, J.D. and Brown, J.L. "Trade Union Power and the Process of Economic Development: The Kenya Example", in Industrial Relations: Industrielles, Vol.29, No.3, pp.474-494

employees are of course concentrated in the industrialising urban areas of Nairobi, Mombasa and Nakuru, with Nairobi enjoying the lion's share of the total emunerated employment in the modern sector.

The following table shows distribution of employment in 1971.

TABLE III

DISTRIBUTION OF EMPLOYMENT IN 1971[28]

TOWN	NUMBER EMPLOYED
Nairobi	178,149
Mombasa	57,934
Nakuru	14,635
Kisumu	13,452
Other areas combined	415,530
TOTAL......	679,700

The structure of urban employment in terms of jobs carried out by the various employees has changed qualitatively since Kenya became a British possession. In the early colonial era, there was very little industrialisation and urban employment was often related to the needs of the settler community in the rural sector. It was part of the colonial government design to keep towns to the Europeans and Asians and only have Africans undertake the most unimportant urban-economic activities. The following table shows occupations of African labour in 1939 in

28 Based on figures from Statistical Abstract, 1972. Private sector employed 424,000 while Public sector employed 255,000. Private sector, therefore, employed more than 60% of the total enumerated wage labour.

Nairobi.[29]

TABLE IV

OCCUPATIONS OF AFRICAN LABOUR IN NAIROBI IN 1939

Domestic Servants	8,457
Employees of Central Administration or the Municipality or Railway .	9,047
Skilled workers - tailors, bakers, messengers	4,756
Headmen, garage hands, etc.	5,507
TOTAL	27,769

As the table shows, the number of workers who were engaged in industrial and commercial labour was comparatively small. This is partly because Nairobi and many other towns in the 'White Highlands' grew up designed to "service" the rural capitalist economy and not as centres of spearheading economic development. These towns were concerned with administration, development of transport, provision of commercial facilities for the European settlers, and to provide amenities for the minority privileged races. It is only after independence that significant economic growth associated with foreign capital, was experienced by the country with the urban areas acting as major growth centres. A corresponding development of employment opportunities was also experienced.

Needless to say foreign companies existed in Kenya as early as the late forties. In fact local companies existed prior to 1945, but it is only after that date that expatriate companies began to register in the country in large numbers. British companies,

[29] Zwanenberg, R.V., "History and Theory of Urban Poverty in Nairobi. The Problem of Slum Development". Journal of East African Research and Development, Vol. 2, No.2, 1972, p. 165.

however, dominated the scene. American and Continental European multinational corporations began to penetrate the country much later. As ord argues,

> "On the whole, American business enterprise in Kenya took on a restricted form, being limited to oil companies and services such as cinemas. Continental interests were important in coffee and trading, notably French and Dutch respectively. Other sterling area interests were mainly Indian and South African insurance companies. The dominant position of the United Kingdom among overseas owners is evident."[30]

Amsden argues that the arrival of multinational corporations of British, American and Continental Europe origin meant that the ownership and control of production slipped out of local hands, even though local enterprise continued to be of considerable importance.[31] The local industrialists were, of course, Europeans and Asians, as Africans could not be permitted to set up businesses. The fact that British investments were prepoderant in Kenya meant that its managers **brought** to Kenya personnel and labour relations philosophies prevailing in Britain.[32]

The new manufacturing and service industries moreover consisted of fairly large-size companies. The country, however, continued to be dominated by small and medium sized companies, and as late as 1967, there were more companies employing less than 50 workers than those employing more than 50 workers.[32b] Yet the multinational companies and other large-size companies provided the bulk of employment opportunities in the country even by 1957, in which year approximately 75% of labour force was employed in

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[30]Ord, H.W.: "Private Ownership of Physical Assets in Kenya," South African Journal of Economics, Vol.30, No.4 (Dec. 1962) p. 329.

[31]Amsden, Op. Cit., p. 15

[32]It was, however, another matter if these philosophies would take root. It is argued that they did not materialise.

[32b]Statistical Abstract, 1967.

these larger companies.[33] Amsden feels that,

> "Paternalism could not always thrive under these circumstances. The concentration of employment in large industrial units lent itself to the organisation of trade unions."[34]

Moreover, most of these firms began to settle in Nairobi and Mombasa as well as other major urban centres. This meant that organisation of unions would be much easier. In fact, prior to 1945, much industry was located in the rural areas where the major work consisted of processing agricultural products. The coming of these large companies therefore shifted most industrial work to the urban areas.

As mentioned above, the union movement began much earlier in the urban areas than in the rural sector. As early as 1900, railway workers had organised a rudimentary form of union.[35] Sporadic attempts at trade unionism were made throughout the pre-1940 period, but the colonial administration backed by the settler community vehemently resisted any meaningful trade unionism. However, in 1943, the administration passed a law permitting trade unionism mainly as a result of pressure from Labour Members of Parliament in London. The first major union - African Workers' Federation was formed only in 1947. The Union had organised a strike in the same year in Mombasa whose main causes were government's indifference to payment by race, the disrespect shown to African workers, and the "indirect slavery" bred by

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[33] International Bank for Reconstruction and Development, Economic Development of Kenya, (Baltimore: 1963)p.152

[34] Amsden, Op. Cit., p.51

[35] See Singh, M., Op. cit.

a low wage economy.[36] The strike heralded militancy that was to continue well into the Emergency Period, starting in October 1952. Union activity slackened considerably during the entire period of Emergency, as trade unionism was charged with having political motives, and that it had supported the Mau Mau movement. As Amsden notes,

> "Even in 1955, the field was virtually wide open. Few trade unions could boast a coherent following or a customary say in working conditions. Uncertainty surrounded the direction which trade unionism would take in the light of Mau Mau."[37]

Yet, by 1958, the following trade unions had been registered among others: Kenya Shoe and Leather Workers' Union; Kenya Engineering Workers' Union; Kenya Timber and Furniture Workers' Union; Kenya Electrical Trades Workers' Union; Tobacco, Brewing and Bottling Workers' Union; Kenya Motor Engineering and Allied Workers' Union; Kenya Chemical Workers' Union; Kenya Petroleum Workers' Union; Kenya Dyers, Cleaners and Laundries Workers' Union; and Kenya Quarry and Mine Workers' Union. The question of recognition of these unions by the Employers was of course a different matter. For instance, the Kenya Engineering Workers' Union was only recognised on 10th June, 1960.[38]

At the moment total union membership in the urban industrial sector is roughly 200,000 persons strong.[38b] Nevertheless, trade union movement in the country as a whole is rather weak and as Muir and Brown show, this weakness is vindicated by the fact that,

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[36] East African Standard, January 21, 1947

[37] Amsden, Op. Cit., p. 43

[38] See Appendix D for the full text of the Recognition Agreement

[38b] Calculation of this figure is based upon the fact that about 40% of the total employed labour force is unionised. See Muir, J.D. and Brown, J. L., Op. Cit, pp. 474-494.

> ".... (a) unions do not provide any form of financial assistance to their strikers, (b) except for a few unions, the enrolling of new members is the responsibility of the Organising Secretaries and the part-time (generally non-paid) branch chairmen and shopstewards (c) relatively few unions offer any services other than bargaining and grievance handling to the members (d) no union employs trained economic advisers and only a couple of unions have either a full or part-time research department, and (e) the majority of the Unions are really 'one man shows' with the General Secretary doing all the bargaining, handling all major grievances, resolving the many branch problems that occur as well as administering the union."[39]

It is therefore reasonable to argue that employers in Kenya are quite strong vis-à-vis the workers. Part of the weakness of the trade union movement is, of course, due to restrictive government policy. In fact, at the time of writing, no strikes may be staged after a Presidential edict of late 1974.

One of the sinister practices in the employment environment during the colonial era was that of payment by race. As we have pointed out above this was not part of the causes of the 1947 strike. The policy and practice of remuneration according to racial considerations entailed,

> ".... the payment of wages on the basis of colour, both by public and private employers."[40]

In the public sector, for instance, Africans holding the same positions as Europeans were to receive three-fifths the remuneration of the latter according to Holmes Commissions's

[39] Muir and Brown, Op. Cit,

[40] Amsden, Op. Cit., p.8

recommendations.[41] It was only in 1954 that salary scales in the public services became 'essentially non-racial in character'.[42] The 'three-fifths' rule was abolished and local Europeans, Asians and Africans were to receive the same remuneration for the same job. Expatriate staff would receive special monetary benefits.[43] The idea that expatriates should receive a special allowance has been carried into the post-independence period. This allowance, however, does not on the whole result in any meaningful salary differentials between expatriates and local staff in most of the larger companies. Local Asians, Europeans and African managers receive the same salaries if they do the same jobs. These salaries are, however, quite high, when compared with those of lower personnel in the firms. The reason for this is that the salaries of managerial staff in Kenya have been geared to the life style of the historically privileged minorities. As Guy Hunter puts it,

> ".... a huge gap appears between African managers and African workmen or supervisors; so that the whole wage level, from the labourer upwards, comes into question."[44]

Ghai has even gone so far as to quantify the gap, and has shown that in fact a university graduate earns seven times as much money as an experienced subordinate employee.[45]

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[41] Amsden, Op. cit, p.8

[42] Colony and Protectorate of Kenya, Labour Department Annual Report, 1954, Nairobi, p. 13

[43] Amsden, ibid, p.8

[44] Hunter, G., "The New Societies of Tropical Africa", (London: 1962) pp.229-231.

[45] Ghai, D. P., "Incomes Policy in Kenya: Need, Criteria and Machinery," East African Economic Review, Vol.4,(N.S.) No.1 (June, 1968) p. 21

The racial connotation in access to economic advantages, however, substantially exists. Of course, overt payment by race may not exist in its blatant form. Nevertheless, the fact that the commanding heights of the economy are largely in the hands of foreigners has meant that the top management positions, directorships and the like are mainly occupied by non-Africans. Thus in 1971, of the total number of 36152 directors, top level administrators, professionals, executives and managers, 42% were foreigners.[46] These top-level positions happen to be the best paying. In this way, foreigners have pocketed almost 30% of the total wage bill.

In 1962, the average European in Kenya (both in public and private sector employment) received remuneration amounting to KSh. 2,332 per month; the average Asian, KSh. 882 per month and the average African KSh. 134. Thus, the European earned 17 times as much as the average African, while the Asian earned 6.6 times what the African earned. That was alright since Kenya was a de jure "White Man's Country".

What is interesting to observe, however, is that these large income differentials among members of the different races in Kenya still exist. For instance, in 1971, the average African wage earner (in both public and private sector) received KSh. 318 per month, the average Asian KSh. 1709, and the average European KSh. 2904. Thus the European earned 9.1 times as much money as the African, while the average Asian earned 5.4 times as much as the African. In this way, the income differential between Europeans and Africans in paid employment has significantly diminished.

In private industry and commerce in 1962, the average European earned KSh. 2,200 per month. The African received KSh. 183. Thus, the former earned 12 times as much as the latter. In 1971 the average European pocketed 3,610/- per month while the average African scored KSh. 377 in private industry and

[46] See, Statistical Abstract, 1972, Op. Cit. See also Table V on page 25 which is based on data from the Statistical Abstract.

commerce. Thus the African earned 9.6 times less money than the European. In the Public Service, the picture has not been modified to any significant extent. Thus, the average European in 1962 earned KSh. 2,564 per month while his African counterpart earned KSh. 200. The former, thus scored 12.7 times as much as the latter. In 1971 the European earned KSh. 5,555 per month and the African Sh. 430, thus the former pocketing 12.9 times as much as the latter. Thus Europeans working in the public sector on the whole have continued to earn well over 10 times what the Africans earn on the average.

A further analysis of data indicates that in 1971, Europeans alone received 18.7 of the total national wage bill even though they constituted 2% of the labour force mobilised. Asians received 15.2% of the national wage bill even though they constituted 4% of the labour force. Thus 6% of the labour force mobilised received 33.9% of the national wage bill. In the case of private industry and commerce alone, 8,400 Europeans shared amongst themselves KSh. 364,000,000 in 1971. In this sector, Europeans and Asians combined received 44% of the total wage bill.

The unequal access to economic benefits is also reflected in land ownership in the larger towns. One educationist has observed that in Nairobi there is approximately 1 acre of African-owned land for every 800 Africans, 1 acre of Asian-owned land for every 32 Asians and 1 acre of European-owned land for every 7 Europeans even though 70% of the population in Nairobi is African.[47] In fact, Africans own individually only 9% of the land in the city.

In the light of this overwhelming evidence there is no doubt that foreigners in Kenya enjoy a disproportionate share of the "fruits of independence". Given the fact that they also control the bulk

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[47] Omide, S.H., "City of Nairobi: Population Changes and Pattern", in Journal of East African Research and Development, Vol. 1, No. 1, 1971, pp. 77-87.

of modern sector's productive capacity,[48] suspicion that they significantly influence political decisions pertaining to the productive processes increases. The issue then is whether or not Kenya is still substantially the "Foreigners' Country" and it is maintained here that it is the case.

TABLE V

EMPLOYMENT AND EARNINGS BY SECTOR AND RACE, 1962 AND 1971

	EMPLOYMENT Number Employed 1962	1971	EARNINGS K£ 1962	1971
AGRICULTURE AND FORESTRY				
Africans	243,500	188,100	9,500,000	12,000,000
Asians	600	500	400,000	800,000
Europeans	1,400	1,000	1,700,000	2,300,000
TOTAL	245,500	189,600	11,600,000	15,100,000
PRIVATE INDUSTRY AND COMMERCE				
African	133,200	205,600	14,600,000	46,500,000
Asians	23,500	20,400	11,400,000	17,800,000
Europeans	10,600	8,400	14,000,000	18,200,000
TOTAL	167,300	234,400	40,000,000	82,500,000
PUBLIC SERVICE				
Africans	147,200	245,100	17,800,000	63,300,000
Asians	12,000	6,400	7,300,000	9,400,000
European	7,800	4,200	12,000,000	14,000,000
TOTAL	167,000	255,700	37,100,000	86,700,000
ALL EMPLOYMENT				
Africans	523,900	638,800	42,000,000	121,800,000
Asians	36,100	27,300	19,100,000	28,000,000
Europeans	19,800	13,600	27,700,000	34,500,000
TOTAL	579,800	679,700	88,800,000	184,300,000

[48] See footnotes 91 and 102 on pages 165 and 171 respectively.

As we have seen, the wage-structure in the urban areas is much better than that obtaining in the rural sector. The argument put forward to support the policy of paying better wages to urban workers than to rural workers is that the cost of living in the rural areas is much lower than that in the urban areas. To some extent this argument is true. For instance, while a worker in the plantations gets 100/- per month, he does not have to pay for his housing, if he happens to stay near his home. Moreover, for a long time, most of the rural employers have had a policy of housing their workers freely. A worker in the urban sector, on the other hand, will have to pay no less than 200/- per month for a single room as house rent in some of the larger towns. Thus, if he earns KSh. 350/- per month, he will be left with only KSh. 150/- for his food and other necessities. This puts the rural worker in a much more advantageous economic position vis-à-vis the urban worker.

However, there are certain advantages that the urban worker enjoys that the rural worker cannot gain access to. For instance, the urban worker has easier access to medical facilities, entertainment if he so desires, better school facilities for his children if they happen to be living with him, and the like. Rural workers may not have rights to cultivate plots in the land of their employers, and unfortunately many rural Kenyans are landless. It becomes clear then that the urban employee is much better placed than the landless rural employee in terms of income and other benefits. This phenomenon helps to explain the incessant rural-urban migration. We must of course not lose sight of the fact that the unemployed urban dwellers live in worse-off conditions than the unemployed in the rural areas. Table VI shows the wages found in the urban industrial sector for the lowest paid worker categories. The wages are stipulated in the Union-Company Agreement.

TABLE VI

WAGES FOR THE LOWEST PAID WORKERS IN THE URBAN-BASED INDUSTRIES AND LOCAL GOVERNMENT AS OF APRIL, 1973[49]

Engineering (NAIROBI)	Motor Engineering (Nairobi)	Dock Industry	Oil Industry	E. African Oxygen	Local Govt.
370/-	290/-	416/75	372/40	480/-	230/-

At once, we notice a glaring difference between the wages obtaining in the urban areas and those in the rural commercial agricultural sector. On the average, the worker in the urban areas earns KSh. 300/- per month, while his counterpart in the rural sector earns KSh. 100/- per month.

4. SELF-EMPLOYMENT

No discussion of the employment environment in Kenya would be complete without mention of self-employment. This is largely composed of two categories of people: small businessmen in both urban and rural areas and peasants.

The first category consists of an assortment of owners of small businesses who either run them personally or through family members or employ one or so persons to assist them. The typical examples are small shops and stores - in the urban as well as rural areas - and what has been termed the "informal sector."

[49]Leitner, Op. cit.

The latter consists of small kiosks scattered everywhere in the towns, small business of craftsmen, for example, bicycle repairers etc. In the context of Kenya, the "informal sector" has often been accompanied by slum conditions which at times have been a menace to health. Nevertheless, this sector has done much to alleviate unemployment problems in the country. Representatives of kiosk operators alleged that about 30,000 persons were rendered jobless in Nairobi alone when kiosks were closed down following a cholera outbreak early in 1974.[50] The KANU Nairobi Branch viewing the closure of kiosks from the standpoint of employment opportunities claimed that the closure had forced some former kiosk operators to turn to criminal activities. The Branch argued,

> "... the increase of crime has been caused by the ideleness and hunger of the people who were forced to stop daily kiosk work"[51]

The Branch further argued that the disease - cholera - should be fought "without keeping thousands of families hungry."[52]

That the "informal sector" eased the unemployment problems in Kenya cannot be disputed. In fact, the Kenya Government was specifically advised by I.L.O. Mission to Kenya to encourage growth of this informal sector.[53]

The second category of self-employers, the peasants in the rural sector, of course includes the bulk of the Kenyan population. As shown above, about 579,700 Kenyans are involved in paid employment. The term "peasant" here is used non-technically to include agriculturalists and pastoralists. We can confidently say that the bulk of the Kenyan adult population outside the formal emunerated sector is included in this category. It is

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[50]Daily Nation, February 11, 1975

[51]Daily Nation, February 4, 1975

[52]Daily Nation, ibid

[53]Singer, H. and Jolly, R. "Unemployment in an African Setting: Lessons of the Employment Strategy Mission to Kenya", in International Labour Review, Vol. 107, No.2, 1973, p. 103.

significant to note that the bulk of those who have been involved in the informal sector in the urban areas have originated from the peasant category. We must also emphasise that among the peasants are some who are in fact employers. These are the progressive farmers some of whom own sizeable plots of land developed through loans. As Manners argues with respect to the Kipsigis,

> "A small number of loans has been made to Kipsigis who are certified as 'better farmers' and who want to improve their domestic water supply .... Thirty-year mortgages covering up to 90% of the cost of purchase are being offered .... to 109 farmers selected for occupancy of the first Land Settlement Scheme in the Kericho District."[54]

That was in the early 1960's but the official government policy is still to develop a rural bourgeoisie by providing land and loans to develop it. Such land is to be developed using labour of fellow Africans. It would therefore be wrong to lump together the ruralites as peasants, although by the nature of things, the rich elements in the rural areas are few. Most ruralites cultivate their small plots of land without recourse to employing wage-labour.

Earlier colonial policies in the agricultural sector of course militated against any meaningful self-employment. Thus, extensive land alienation coupled with forced labour policies, at least for some section of the Kenyan population, resulted in considerable unemployment or underemployment in the rural sector itself. This insufficient employment resulted in search for jobs in the urban areas or in the settlers' farms and plantations which was the aim of the settlers and the colonial government.

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[54] Manners, R. A., in Steward, J.H. (ed.) "Contemporary Change In Traditional Societies", (Illinois, 1967) p.337.

On the whole the bulk of the rural population not involved in paid employment have had a living standard much lower than that of those involved in paid employment. This is true not only in Kenya but also in other African countries. This is especially so if the wage-earner also owns a small plot of land in the rural areas, as was often the case in the early colonial days before landlessness took its latter proportions. Often therefore the income differential between wage earners and the mass of subsistence peasants is wide. In fact, it has increased with the incessant pauperisation of the subsistence peasants. As Turner puts it,

> "In the African case ... the whole benefit of economic development during the 1950's was transferred to African wage-earners ...."[55]

The income gap between the subsistence peasants and the wage earners, especially in the urban centres has resulted in extensive shift of potential rural labour to towns. School leavers imbued with the values of "white-collar" jobs rush to towns to seek non-existent employment. This has resulted in an oversupply of labour for the lower jobs in the various companies and government offices, with the consequent malpractices like nepotism, "tribalism", bribery, and the like. In fact, the employers in the rural areas lose large numbers of potential employees by virtue of the fact that rural wages and incomes are low compared with those obtaining in the urban areas.

As one of the local newspapers has commented,

> "Hundreds of Kenyans queue up .... outside labour exchanges ... in search of jobs which are often non-existent ... farmers

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[55] Turner, H. A. "Wage Trends, Policies, and Collective Bargaining: The Problems for Underdeveloped Countries, Occasional Paper No. 6"(Cambridge: At the University Press for the Department of Applied Economics, 1965). pp 13-14.

> are also to blame. The Ministry of Labour has often persuaded them to build houses for workers so as to ensure that they have a permanent labour force available, particularly during the critical time of picking and harvesting."[56]

But of course they (the farmers) have refused to do so in a bid to lower production costs, with the result that increasingly, government efforts to have people "go back to the land" are failing.

5. SUMMARY AND DISCUSSION

That unemployment is a major problem in Kenya cannot be disputed. Neither is this problem unique to Kenya, but has parallels in almost all the other less developed countries. The unemployment problem began to make itself felt during the colonial epoch when capitalism was introduced in the country. Capitalist development had the effect of disrupting the traditional economies without providing alternative employment for those whose economic activities were thus affected. One of the more serious problems associated with the capitalist development in Kenya is unemployment and/or underemployment of human resources. The foregoing analysis has illustrated the processes that led to unemployment.

In 1964 , when a tripartite agreement was signed between C.O.T.U, F.K.E. and the Government, 106,300 registrants with the Labour Department were classified as hardcore unemployed. These people were landless and were looking for paid employment. In 1966 the number of hardcore unemployed came to 200,000.[54]

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[56] Sunday Nation, July, 1974

[57] Sheffield, J.R. "Education, Employment and Rural Development", Nairobi, 1967, p. 15

There is little reason to believe that the problem of unemployment has not considerably stepped itself up.

As argued above, one of the reasons why Britain and other European powers colonised Africa, was to ensure land for settlement of some of their unemployed persons. Of course, not all those who came to settle in the colonies did so as a result of lack of employment at home. However, the effect of their coming to the colonies was to ease unemployment problems in the mother country. Kenya was a typical settler economy, and therefore land had to be made available for the settlers. This was done by all sorts of methods - including military campaigns. Moreover, by law, Africans could not own land in Kenya even in their reserves prior to 1926. This was the beginning of unemployment in Kenya. As large tracts of land were alienated, side by side with prevention of Africans to undertake any meaningful economic activities as entrepreneurs, unemployment and underutilisation of human resources in the African economies began to make themselves felt. Thus, drift into centres of wage employment, either in the rural or urban areas took place, and especially to the latter.

Further industrialisation and development of capitalist agriculture, especially in post-independence period has resulted in the worsening of the unemployment problem. We must also remember that the current rate of births which is well over 3% per annum will sooner or later make itself a major contributor to unemployment in the country. More and more people have become landless. The following case illustrates part of how this is taking place in Kenya at the moment. In Kwale District of Kenya, owners of land were expanding their farms and encroaching on crops grown by squatters. The Government promised to prevent further such encroachment. In the meantime, it would look for alternative employment for the 200 squatters in trouble. Squatters were informed of the development of this land as a normal practice by the local District Commissioner.[58] Capitalist development in the rural areas therefore will inevitably result in dislocation of certain elements in the population. Hopefully, the Government policy of redistributing land will do something to alleviate the problems of the landless.

The country's faith in multinational corporations is another source of unemployment difficulties. These companies have on the average been paying higher wages than the public sector. Payment of higher wages has, however, meant that they would rather substitute capital for labour if they will procure the profit margins that are acceptable to them. In the words of Amsden,

> "In the past, rising wages led employers to cut back on the use of labour. More efficient and/or capital-intensive techniques were introduced. At present, attractive wages in towns lure an excessive supply of underemployed labour from the countryside.....
>
> In the future, higher wages are predicted to discourage investment altogether or to encourage labour-saving production biases. It has been asserted that 'modernisation is a generator of unemployment'".[59]

The recent case of Firestone (East Africa) Limited illustrates two important points: that multinational corporations have power over governments in the less developed economies, and that they can artificially create unemployment problems through a change of policy.

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[58] Four O'clock News, General Service, VOICE OF KENYA, November 6, 1974.

[59] Amsden, Op. Cit, p. 19

Due to competition from imported tyres, the company had to cut production from 20,000 tyres a month to 5,000 in November-December, 1974. It issued notice of redundancies to the Kenya Motor Engineering and Allied Workers Union, which notice was to become effective as of February, 1975. It was alleged that a similar situation had arisen in 1972 when too many import licences were issued and the market was flooded with imported tyres. The company advised the Government that unless the situation was brought under control, employees would have to be laid off and the factory possibly even closed. Quick government action averted redundancies and the closure of the factory. All potential tyre importers were required to get the approval of Firestone (E.A.) Ltd. before they were issued with licences. The agreement between the company and the Government during the 1974/75 crisis stated that no tyres that are manufactured locally by actual size or acceptable equivalent will be imported.[60]

The multinational corporations then have considerable power over Kenya Government as shown by its prompt and well-intentioned action to prevent 50 or more persons from being laid off. Yet, the fact is that these companies will increasingly opt for capital-intensive techniques if labour continues to be expensive with the consequent unemployment problems. With increasing cost of living, it would be idle to pretend that the industrial, commercial and agricultural workers will not even violate the Presidential Decree not to resort to strike action.

One other way that multinational corporations can bring about unemployment or underemployment is that they may enter into competition with local producers in a number of ways. It is well known that the European settlers and the companies involved in agricultural pursuits for long resisted African

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[60] Daily Nation, January 16, 1975

entry into cash crop or other commercial farming in Kenya. Today, multinational companies demand guarantee of market security before they invest in Kenya. The case of Firestone (E.A.) mentioned above is in point. Even in the rural sector, competition of foreign companies with local producers can be a major cause of unemployment. It has been alleged that one foreign firm, i.e. Kenya Canners Ltd. centred in Thika has caused some unemployment among the people growing pineapples in areas near Thika. The company has become increasingly vertically integrated, thus involving itself in the production of pineapples and other products for canning. The result has been economic dislocation of the local planters.

The I.L.O. Mission to Kenya sounded a far-sighted warning: that there was a major need to be more selective in accepting private investment as well as aid so that the technology used, the types of goods produced, and the incomes generated would be more in line with the needs of the country.[61] Being more selective in accepting private investment implies accepting such investment only when the less developed country will be able to have effective control over areas of investment as well as other national priorities. If one of the priorities is to ensure growth of employment opportunities, and this is a basic goal of most less developed countries, it is paradoxical for a country to continue relying heavily on subsidiaries of multinational corporations which among other things believe in a capital-intensive technology.

The employment environment in Kenya is at the moment in a critical situation. Mass unemployment virtually exists. This situation of pandemic unemployment has resulted in pressures by government on the local companies to create more employment

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61 See ILO: Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya. Geneva: 1972.

opportunities for Kenyans. So too "Kenyanization" of ownership of small businesses is aimed at the same end. Yet, the fact has remained that job-opportunities available are few, while the demand for them is high. This has resulted in the ill-pracices of favouritism, nepotism and bribery in the recruitment, promotion, training and other areas of personnel administration. Since the employers know well that employment opportunities are in very high demand, they have often been single-minded and adamant in resisting trade union pressure for better wages, terms and conditions of employment. So, too, dictatorial management styles have been given some fillip. The Kenya Government policy has also been to curtail the strength of the trade union movement. This is partly due to the fact that should employers be asked to pay higher wages then they may opt to introduce more capital-intensive techniques, or even close down their factories due to high labour costs. In either case the employers have been given considerable power over their employees, power which at times has entailed authoritarian management styles.

As is now clear there has been a tradition of authoritarianism in the country since the colonial era began. This has been perpetuated into the post-colonial period. The authoritarianism has been reflected in many aspects of social, economic and political life. Walker rightly argues that,

> "The practical operation of any form of workers' participation in management will be much influenced by the social environment in which it exists. A strong authoritarian tradition in the community runs counter to participative practices in the enterprise ..... In contrast the spread of

democractic practices outside the enterprise may create pressures for participation."[62]

To conclude this section Kenya has had an authoritarian tradition and this tradition has infiltrated into the private firms. Managers may come from Britain or elsewhere with their own ideas about the right of trade unions to undertake strike action as a last resort. But when the tradition in the host country is one of authoritarianism, they soon learn to adjust to this new thinking. So too many workers in Kenya know well that their society does not tolerate workers' participation in the managerial functions. Managers of the companies which grew up within Kenya also are used to authoritarian practices, especially if, as is sometimes the case, they had been in these companies during the pre-independence period.

6. DATA COLLECTION TECHNIQUES USED IN THE CASE STUDIES

Now that we have considered the general employment environment in Kenya, it is appropriate to discuss the situation found in two of the larger companies operating in the country. In each of these two companies we shall examine the following broad areas: personnel administration and industrial relations. Under the heading of personnel administration, recruitment, training, promotion, labour turnover and absenteeism, and workers' welfare, health and fringe benefits will be discussed.

[62] Walker, K.F. "Workers' Participation in Management: Problems, Practice and Prospect," Bulletin No,2, February, 1967 pp. 3-35. We may add that economic and political realities in the external environment will also determine to a significant extent the internal environment of the firm. In Kenya, political life can hardly be described as democratic, even though the leaders' pronouncements say so. Democracy has not existed in the country since colonialism was introduced. "Democracy" is here defined to mean active participation of the people's elected representatives in the determination of the country's present and future development. The power of the executive bodies vis-à-vis that of elected representatives is overwhelming. This is vindicated by the near demise of KANU.

Under the heading of industrial relations the union, wage structure, managerial prerogative of disciplining workers and management style followed will be considered. Cleavages among management personnel, and public relations will also be discussed under a separate heading.

The two companies examined manufacture different products. One is a textile company while the other one is an engineering firm involved in the manufacturing of both metal and plastic products. Both companies are large employers in the country each with well over 1,000 employees. But while one is a multinational company, the other one has operations only in Kenya. Detailed discussions will be found in the case studies themselves.

The methods of social investigation used were simple observation, interviewing and examination of company records. The interviewing was carried out informally with representatives of the various categories of employees. The reasons why these three methods of data collection were used are as follows. First, the case studies involved examination of a variety of data and it was necessary to select the most suitable method of obtaining the particular information sought. Secondly, there was need for cross-checking information obtained from the various respondents.

Thus simple observation suited investigation of the physical working environment quite well. This mode of data collection revealed more than any amount of interview with the managerial personnel would have done.

Likewise, interviewing had its most suitable areas of data collection. Our interviews with the various levels of employees in both companies revealed not only the objective situation in the companies but also these employees' subjective feelings towards the respective companies. Full benefits of personal contact were thus reaped.

Finally, certain information could only be obtained by examining company records. For instance, one of the firms, the textile firm, did not calculate labour turnover rate. We were able to make the calculation by perusing the company records for several months. The same procedure was followed in calculating the rate of absenteeism. It is therefore clear that if only one method of obtaining data had been used, considerable information would have been missed out.

Cross-checking of data was the second reason why it was decided to use the three methods of data collection. For instance, it was easy to check what management and/or workers said about physical working environment against actual observation.

From the outset, it is necessary to mention one major difficulty that the textile firm presented. This was that it kept its personnel records rather poorly. Thus, for example, we were forced to make our own calculations of labour turnover, based on quit figures for a period of time stretching from December 1973 to August, 1974. Figures for previous periods were not available. The personnel manager, however, said that the quit rate in the past has more or less been the same as at the present and that the labour turnover rate calculated was representative of the labour turnover situation in the previous periods. The same was true of data for absenteeism. This methodological problem did not, however, exist in the engineering firm. Here labour turnover and absenteeism records were kept well. However, we checked the figures given through our own calculations.

In both companies therefore there was considerable reliance on certain well-informed persons to provide much of the information. sought. These "key-informants" were drawn from all categories of company employees. Our basis for selecting the "key-informants" was the length of service in the company. The assumption was that those employees who have been in the company longest had answers to many of the questions we had. This was especially so in the case of lower employees, supervisors, charge-hands, and workers with long service. In all cases, interviews were kept informal and unstructured.

On the whole, therefore, the techniques used for data collection were flexible and informal. They sought to obtain information on the internal environments of the two companies as affected by the external social, economic and political realities of Kenya.

CHAPTER II

THE TEXTILE FIRM

1. NATURE AND SIZE OF BUSINESS

This company is one of the largest textile firms, not only in Kenya but also in East and Central Africa. In East Africa, the Company is only second to Nyanza Textile Industries Limited in Uganda both in terms of business turnover and provision of employment opportunities. The turnover figure for the Company as a whole has reached KSh. 4,000,000 per month. At the moment, the Company has 1,200 employees at the Thika factory which number is only 100 workers less that of Nyanza Textile Industries.

The Company was founded in 1948 as a family enterprise at Ruaraka in Nairobi. The major area of business then was tailoring and knitting. It expanded considerably in time and a decade later moved to its Thika premises. Currently, it is the largest textile manufacturer in Kenya. The Company, however, despite this significant growth has remained virtually a family concern. All its eight directors belong to the same family. The Company owners are all British subjects of Asian origin. They are currently expanding the production capacity of the firm by extending the factory at Thika.

The Company uses raw materials such as rayon fibre, nylon and polyester fibre and cotton. Cotton and rayon fibres are used in the spinning department while nylon and polyester yarn are used in the knitting department. The sources of these raw materials vary. Cotton is obtained from Kenya, Uganda and Tanzania while rayon fibre, nylon and polyester yarns are imported mainly from West Germany and the Scandinavian countries.

Cotton fibre is processed into cotton yarn which is ultimately made into cloth. Nylon and polyester yarn is used in making knitted fabrics. Some of the cotton and rayon yarn is also made into knitted fabrics. Rayon fibre is processed into rayon yarn. Some of the cotton yarn is sold to outsiders such as weavers, knitters and blanket manufacturers. Polyester, cotton and rayon knitted fabrics are sold as ready fabrics while cotton and nylon knitted fabrics are sold as knitwear, viz, vests, underwears, shirts, etc.

The company exports its products to Tanzania, Uganda and Zambia, to mention part of its African market outside Kenya, and to some European countries. New markets are being sought and the fact that the company is enlarging its Thika factory indicates its prospects in the national and international markets are good. Thus, from a tailoring and knitting concern twenty-five years ago, the company has moved to the status of the largest textile manufacturing company in Kenya.

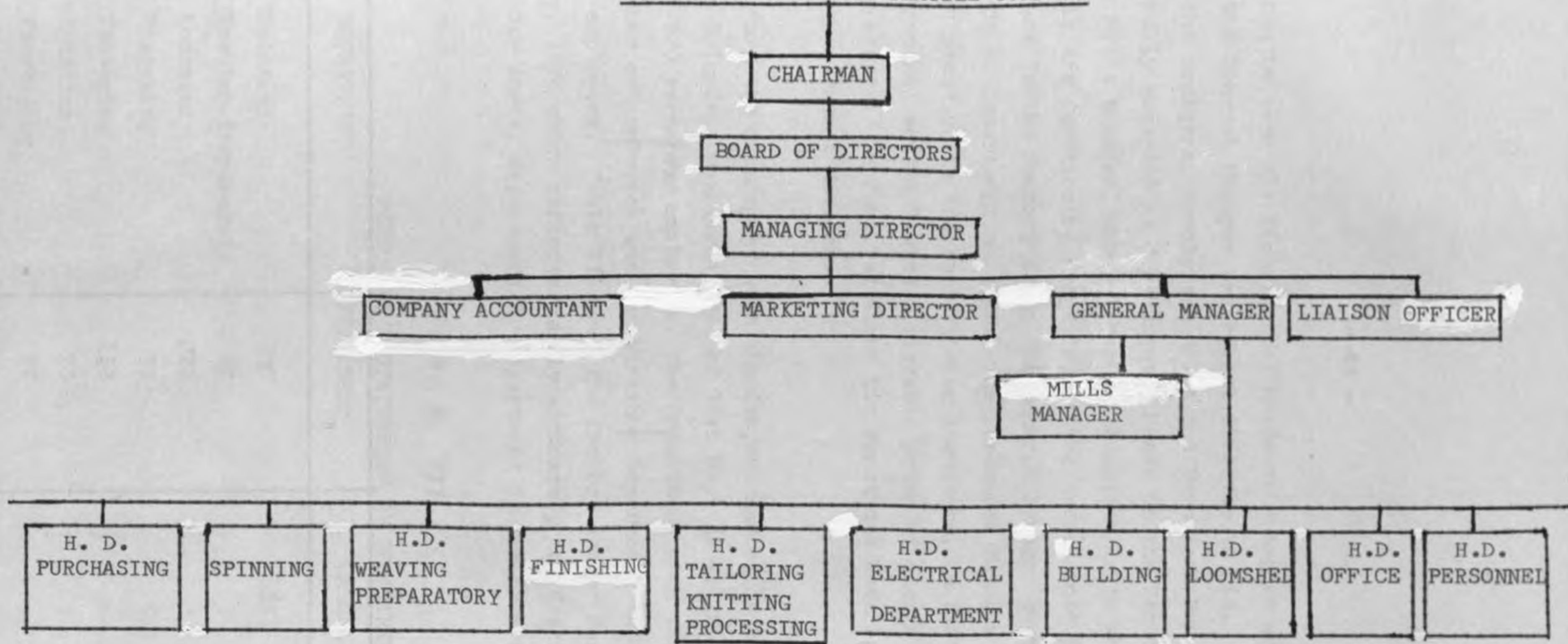
2. ORGANIZATION AND AUTHORITY STRUCTURE

Departmentalization in the company is not clear cut. Nevertheless it is possible to decipher at least eleven "departments". These are: spinning; weaving-preparatory; loomshed; finishing; tailoring; knitting; processing; workshop; electrical; building and office departments. Each of these departments is headed by a "departmental manager" except for tailoring, processing and knitting departments which are headed by one person. Thus, the number of departmental managers is nine. The departmental heads are all of management status.

The factory organisation chart is as shown in Exhibit I overleaf.

EXHIBIT I

ORGANIZATION OF THE TEXTILE COMPANY



H.D. - Head of Department or Departmental Manager

As can be seen all departmental heads or managers are responsible to the General Manager and report directly to him. So, too some of the managers, namely the Mills and Personnel Managers are not normally regarded as departmental heads in the Factory. In fact, the Mills Manager, whose technical function is to see that the mills are functioning properly, is the second most prestigious person in the factory after the General Manager even though he heads no department as such. The Personnel Manager has much less prestige in the factory even though he, in fact, heads a "personnel section" with a sizeable group of clerks and other assistants. In fact, at times his functions have been usurped by the General Manager.

By far, the department with the largest number of employees is the Spinning Department. As of 16th May, 1974, this department had 520 permanent employees. The department with the smallest number of employees was the Workshop Department which had only 10 employees. Table VII shows the factory labour force as of 16th May, 1974 which reflects fairly accurately the distribution of labour force, department by department in the factory.

T A B L E VII

PERSONNEL DISTRIBUTION BY DEPARTMENT

DEPARTMENT	PERMANENT	CASUAL	TOTAL
Spinning	520	16	536
Weaving Preparatory	97	3	100
Loomshed	222	3	225
Finishing	91	6	97
Tailoring	113	-	113
Knitting	25	9	34
Processing	26	-	26
Workshop	10	-	10
Electrical	14	-	14
Building	29	-	29
Office	29	-	29

The smallest department is the Workshop with only ten permanent employees.

With this kind of departmental labour distribution, it is to be expected that some managers have more difficult reponsibilities alloted to them than others. The head of the Tailoring, Knitting and Processing Departments, for instance, has 229 workers to superintend. He complained of being overworked, saying that it is high time the company thought of engaging more managerial staff. What is worse, according to the various African management personnel interviewed, responsibility in the Company does not match with remuneration. Thus, the head of the Electrical Department with only 14 persons to superintend had a salary of KSh. 3,334/- per month while the head of the Tailoring, Knitting and Processing Departments received slightly less than KSh. 3,000/- although he had worked in the Company one year longer than the head of the Electrical Department and had under him 164 employees. So too, there have been many complaints by the African managerial group that remuneration at the Company seems to run with race. The Asian personnel are believed to earn much more than their African counterparts. This has been quite annoying to the African managers in the Company.

3. PERSONNEL ADMINISTRATION

Until very recently, there was no well-defined personnel section in the Company. Even though at the moment there is a personnel manager, there is no designated personnel department. Apparently, the General Manager used to carry out personnel functions - in the context of this Company - mainly hiring, and firing. But with the gradual enlargement of the Company, it became increasingly difficult to provide adequate personnel services by an already very busy person.

A personnel section was therefore created and it is this section that at the moment handles most of the personnel matters. The

General Manager is still responsible for certain matters, for instance, payment of wages of the managerial staff.

A Personnel Manager who had considerable experience in personnel matters has been appointed. This young man has a diploma in personnel management. Under him there is a personnel officer who has been with the company for the last seven years. The personnel manager has been with the company for only three years now, having worked for Metal Box Company as a clerk and with Kenya Engineering Industries as a Personnel Officer. The Personnel Officer is assisted by two clerks.

We shall now look at the various personnel functions at the factory.

(a) Recruitment : (i) Lower Personnel:

The formal recruitment procedure for the lower employees is fairly standardised. When need arises for an employee or employees in any one department the head of that department sends a requisition to the personnel section. The personnel section may or may not have a waiting list of possible candidates. If there is a waiting list, one or more of the listed candidates will be called for interview conducted jointly by the personnel section officials and the head of the department in which a vacancy has occurred. The selected person is then sent a letter informing him of his appointment. All recruitment must be done through the personnel section. For most junior clerical posts, there may be internal advertisements.

The company has a policy of giving preference to the young men and women who have been at the National Youth Service. The reason for this is that the N.Y.S. recruits are well disciplined and are likely to have had some kind of relevant training. At the moment, a third of the technicians in the factory came from the National Youth Service. Most of these technicians have been with the company for more than five years. They joined the company as general labourers, elevated themselves to positions of machine operators, and after sitting various technical examinations or proving competent in the eyes of their supervisors, found themselves in positions of qualified technicians. Another claimed advantage of the policy of recruiting persons from the National Youth Service is that the company is free from the accusations of engaging people on the basis of tribal origin.

The Labour Department, Thika Branch, is the one which provides the largest number of candidates for recruitment. It is almost invariably the one supplying the names of the National Youth Service people to the company. The normal practice is for the Ministry to send a list of names of persons registered with it to the company. The company then invites them for interviews.

Considerable political pressure is exerted on the company to recruit certain individuals into its labour force. During the time of the campaign for the 1974 General Elections, 40 persons were brought to the company by one parliamentary candidate. All of them were recruited. It has been estimated that about 2% of all the employees of the company at any one time are recruited by the company after some influential people have brought them in. Such influential persons include local members of Parliament and the municipal councillors.

The company is opposed to the practice of being forced to recruit particular persons, arguing that the standards of performance would be lowered if inappropriately qualified persons are engaged. The "big" man bringing a candidate is often informed that confirmation of employment for the particular candidate depends on his performing good work. It is significant that during the five or so months that preceded the General

Elections most of the new employees were brought by such "big" men.

In cases of candidates brought by the "big" men, interviews are a mere formality, as the Company has already made up its mind a priori to take the candidates in. It does appear that in order to placate a "big" man, the company did sack a host of its employees. It is striking that the number of dismissals in August 1974 was more or less the same as the number of the candidates 'sponsored' by the parliamentary candidate referred to above. Forty-two persons in all were sacked. This number appears very large and when we remember that 40 new persons were employed soon after, the suspicion that the Company decided to dismiss the 42 employees in order to make room for the 40 candidates brought in by the parliamentary candidate would seem to hold water.

It would be difficult to say with any degree of certainty whether tribal favouritism and nepotism take place during recruitment in the Company. But the trend in many companies in the country points to this direction and there is no reason to believe that "favouritism" is absent in the Company. A number of respondents alleged that when there was a Personnel Manager belonging to B-tribal grouping favouritism existed, and that the proportion of employees of B-tribal grouping was significantly larger than at the moment. These allegations may, of course, be unfounded and no meaningful conclusions can be drawn from them.

According to the Personnel Manager, three quarters of the labour force comes from the Central Region of Kenya. One major determinant of this is, of course, that the Company is situated in the Central Region. In fact, the largest percentage of the employees come fron one district - Murang'a. The next highest number of employees come from Kiambu. Table VIII shows sources of employees by area.

Thus, although the Company policy is to recruit personnel at all levels on the basis of qualification and experience, yet pressures which are often not within the control of the Company frustrate this policy once in a while. Local politicians in seeking public support bring in their candidates for recruitment into the Company's labour force. It is also not unreasonable to expect that the friends and relatives of the "big" people working in the Company may find easier access to it. So, too, it has been noted that tribal group considerations may have at one time influenced the recruitment process and probably do influence personnel selection at the moment. However, no hard evidence was available.

TABLE VIII

SOURCES OF LOWER EMPLOYEES BY AREA

Area of Origin.	No. of Employees in Factory	Percentage in the Factory
Central Region	892	75%
All other Areas	298	25%
TOTAL	1190	100%

(ii) Managerial Personnel:

The recruitment process at the higher levels differs to some extent from that followed at the lower levels. Managerial posts are filled by persons who have either a thorough educational background or considerable managerial experience or both.

Accordingly, when a vacancy occurs the policy is to advertise in the local press. All the applications are processed by the personnel section in conjunction with the General Manager. Interviews are then conducted for the selected persons one of whom emerges the winner. At times, no advertisements are placed in the local press, and applications may be received by the company from persons wishing to try their luck in the Company.

For senior posts in the company, internal recruitment rarely takes place. The Company most of the time looks outside for filling such vacancies. It is significant to note that there is a fairly high labour turnover among the managerial groups, and it is therefore very rare that there will be enough capable people in the Company at any one time. Hence dependence on the outside labour market.[63]

Most of the higher positions in the company are occupied by Asians. This is probably so because the Company is an Asian family business. For instance, of the eleven top management positions recognised in the Company's factory only three are held by Africans, the remainder being in the hands of Asians.

This raises the suspicion that in recruiting senior personnel racial considerations may be playing a key role in the company. The reason most companies give for maintaining a large number of expatriates is that there are no local qualified persons. In fact, this is the major reason given in this Company. For instance, one of the heads of department - the head of the Weaving Department - was recruited direct from Asia in November, 1969. He claimed to have worked with a large textile firm after completing a three-year diploma course in textile technology. What is interesting to note is that directly under him is an African who has been with the Company since 1967, and who has a diploma in textile technology. Rather than give the African the headship of the Department, the Company owners have opted to maintain the non-Kenyan as the head of the department even though his work can be done fairly well by the Kenyan.

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63 Since research for this case study was completed in October, 1973, two more African managers have left the Company. This brings the total number of resignations of top management personnel to 5 within less than one year. This represents a very high turnover rate for management personnel.

Recently a German technician was recruited on the grounds that the kind of skills he has are not available locally. The technician was engaged to operate a specialised knitting machine. This is a genuine case of maintaining a non-Kenyan in employment.

Thus while we can say that the sources of lower level employees are fairly localised the sources of higher level employees of the company are by no means localised. In fact, 8 out of the 11 top positions at the factory are occupied by non-Kenyans.

As of 30th June, 1974, the composition of the workforce at the factory was as shown in Table IX.

TABLE IX

COMPOSITION OF THE WORKFORCE IN THE COMPANY
AS OF 30TH JUNE, 1974

Senior Management	11 Persons
Middle Management	10 "
Technicians, shop Assistants, skilled labour force	60 "
Semi-skilled and unskilled labour force	1104 "

As can be seen from Table IX management personnel constitute only a small fraction - barely 1% - of the total workforce in the factory. On the average, each manager has too large a work-force to mind about and this indicates that the complaints of some managers that they are overworked are genuine.

The policy of the company is to recruit management personnel on the basis of qualifications and experience. Yet, again it does appear that considerations other than qualifications and experience are taken into account. The gross over-representation of Asians in top management positions would lead one to wonder if really there are no Kenyans capable of filling most of those management positions presently occupied by Asians. One, therefore, cannot help suspecting that some form of favouritism takes place in the recruitment process at the higher levels.

(b) Training

As yet the company lags behind other large companies in the country as far as training schemes for its operatives are concerned. It does not have a training section and this makes organisation of internal training difficult. This was the opinion of the Personnel Manager.

Pursuant to the provisions of the Industrial Training Act (cap. 237) and the National Industrial Training Scheme For the Training of Craft Apprentices under it, the company has had some sporadic attempts to train apprentices. At the time of writing about 7 persons are being trained abroad in the various aspects of textile technology. However, the rate at which the company is carrying out its training programmes is rather slow and is attended by other problems.

For instance, the company at the beginning of 1974 had requested the Director of Industrial Training to send them prospective candidates for craft apprenticeship. A number of these candidates were engaged by the company. A few months later, all but one of the apprentices had left the company. The one who remained was required to take an appropriate course at N.I.V.T.C. in Nairobi. However, the company refused to take the apprentice to the training centre arguing that the apprentice was recruited on the understanding he would receive in-plant training only.

The Director of Industrial Training felt that there were irregularities in training local staff to take over from expatriate technical personnel in the company. He argued that apprentices were so much frustrated during and after training in the company that they left it almost immediately they completed their apprenticeship.[64]

On-the-job training has been the official policy of the company. From time to time the company sets its own trade tests in order to upgrade the various operatives, but the failure rate in these examinations is very high, which raises the question of the appropriateness of continuing with in-plant training as the major way a person will gain useful skills to work in the company. However, those employees who feel like taking government trade tests are free to do so if they feel that the company's equivalent examinations are marked unfairly.

In one examination held in 1974 for Spinning Preparatory fitters and cleaners, out of 14 examinees only 3 passed the examination. One person secured grade 1, another grade II and the last one grade III. On the same day, another examination was held for Ring Frame Spinning fitters and cleaners. Out of 24 examinees only 5 passed the examination. There is, therefore, a very high failure rate in the examinations held by the company. One way of explaining this failure rate is that in-plant training is inappropriately conducted in the company. Another way of explaining it is that the company deliberately wishes to limit the number of persons who claim they have good artisan qualifications so that the wage bill remains low. So too, it is not unreasonable to feel that the company wishes to maintain skilled personnel who may, if they passed an artisan examination, decide to join another better paying company. One employee said that he regarded the company as his training ground, a place to acquire skills which he can use elsewhere. If the company realises that such is the intention of those who sit the examinations, then it is easy to understand why the failure

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[64] This information was obtained from a letter sent by the Director of Industrial Training to the Company.

rate in the Company examinations is so high.

At the moment the Company does not train management personnel. Of course, newly appointed persons will be familiarised with the various operations in the Company, but there is no formalised training for managerial staff.

On the whole, therefore, the training scheme of the Company leaves much to be desired. Nevertheless, there have been significant efforts lately to avoid criticism from the Government by taking training programmes much more seriously. Following the sending of one more employee abroad for training in January, 1975, the Company can, at the time of writing, boast of having sent seven persons outside Kenya for training in textile technology.

(c) Promotion

The Company seems to follow an erratic policy on internal promotion for its employees. Indeed, promotion for those Kenyans in management positions is highly improbable as the Company is a family enterprise and the very top positions appear to be reserved for members of the family or for other Asians.

Theoretically, however, an individual with initiative, experience, and high qualifications may be promoted from the lowest to the highest position in the Company. In practice, the lower participants have few chances of self-improvement - sitting and passing artisan examinations is fraught with considerable difficulties stemming from the apparent Company policy to have only very few people pass the examinations set. There is no formalised training programme, although probably due to increasing political pressure, the Company is contemplating formalising its training programmes. Should this happen, internal promotions will become more of a reality.

It is known in the Company that some machine operators have been in the service of the Company for not less than 10 years and yet, they have not been promoted. Promotion in the Company does not, therefore, depend on seniority. This lack of promotion on the part of lower level operatives is a major source of discontent and as one machine operator put it,

> "One simply does not hope to get anywhere in this company. I work here because I have no better alternative yet."

Another employee complained that even though he has been with the company since 1959, he has had no promotion whatsoever. He went on to say that new employees come into the company, he 'trains' them and then they are promoted, leaving him behind. Clearly, this was a case of a man who had served the company for not less than 15 years. If seniority was the criterion for promotion he should have been a senior employee, for instance, a supervisor, in the company. The company declared policy, however, is that for a person to be promoted, he must pass examinations in the relevant field and/or show competence in his work. A person who has been "training" others is necessarily competent in his field and therefore this particular man deserved promotion. Experience is as good a basis for promoting one as passing a trade test. In fact, the company recognises that the status of artisan Grade III can be acquired by experience.

Nevertheless some individuals have been able to improve themselves in the company. For instance, the assistant to the Weaving Manager, an energetic young man in his late twenties, has moved from the position of machine operator to his present position. He was engaged by the Company in 1967. As a Standard 7 graduate he joined the National Youth Service in 1965 and remained there for one and a half years. While in the National Youth Service, he took an elementary course in book-keeping. When he joined the company, he was not taken to the Accounts Section, but was posted to the Weaving Preparatory Department where he worked as a machine operator.

At the time of employment, his basic wage was KSh. 150/- per month. In 1968, on account of his hard work, his wage was raised to KSh. 230/-. Later that year, it was raised to KSh.260. In 1970, his wage was increased to KSh. 320 and again to KSh. 355 later that year.

In 1971, his wage reached the KSh. 420 mark. All this time, he had been studying for a diploma in textile technology by correspondence. Apparently, the reports from his tutors were responsible for the progression of his wages over the years. In early 1972, he passed his final examinations and secured his diploma. His wage rose to KSh. 700/- with immediate effect. By December, 1972, his wages had reached the KSh.1200 mark, and he was co-opted into management together with four others. In 1973 he received KSh. 1,250 per month and with effect from January 1974, he has been enjoying not less than KSh. 1,400/- per month.

There has therefore been a progressive upward movement for this young man both in terms of wages and in terms of increased responsibility. In 7 years, his remuneration has increased tenfold. It is however possible that this is a very special case in the Company as could be deduced from discussions with the young man.

If, indeed, promotions are based on educational qualifications in the company, it is difficult to see why a situation such as the following should take place. A young Asian man joined the company on 2nd May, 1974, as a fitter trainee. He had attended formal schooling for seven years but he had no work experience whatsoever. His starting wage was KSh. 450/- per month. An African engaged at about the same time as a fitter trainee in the Finishing Department was to receive a monthly wage of KSh. 180/-. He had eight years of primary school education. Another young African who had completed 11 years of formal schooling was engaged as a fitter trainee. His starting wage was KSh. 300/- per month.

If promotions and wages are determined by educational qualifications, it is difficult to understand why the company should have countenanced the above situations. According to the current union-company agreement, all trainees (machine) for 12 months should receive a basic wage of KSh. 180 per month. Therefore, according to this agreement, the African receiving KSh. 180 is getting precisely what the union-company agreement stipulates. But why should the young Asian receive two and a half times as much money as the African, and yet both are fitter trainees? This only leads one to suspect that it is because the company in practice believes in payment by race.

The following procedure is supposed to be followed in promotions within the Company. The supervisor chooses whomsoever he pleases and nominates him for promotion. Hardwork, diligence, and such other qualities serve as guidelines to the head of the department. The workers and certain supervisors, however, maintained that whether one works hard or not does not really matter. Considerations other than the normal ones are taken into account in promoting workers. According to one supervisor, who has been with the company since July 1967, there is no worker among those he supervises who has been promoted even though all of them have been in the company for not less than 7 years. These workers are a very frustrated lot. The supervisor himself has a diploma in weaving from an East Germany technical college. In spite of his many years' experience, he has only been promoted to the rank of supervisor earning only KSh. 500 per month. Prior to the coming of the present head of the Weaving Department, supervisors used to take part in the promotion of the workers. At the moment, however, this work appears to have been centralised in the hands of the head of the department. We may mention that supervisors in the company are union members, and therefore do not belong to the management group.

As Table X illustrates on the average a person had to be in the company for five years before he could be considered for promotion. In fact, one person had been in the company for eleven years before he was promoted. The Table, also shows the general wage levels of all categories of artisans.

TABLE X

PROMOTION AND WAGES DATA OF SOME EMPLOYEES IN THE COMPANY

EMPLOYEE	DATE ENGAGED	DATE PROMOTED	ARTISAN GRADE	PRESENT WAGE KSH.
A	26.1.55	1.8.67	I	525
B	23.8.58	1.11.65	I	500
C	4.3.69	30.12.71	1	425
D	5.4.66	1.2.67	II	410
E	15.4.66	1.3.67	II	440
F	1.2.66	1.5.69	II	330
G	2.7.60	1.6.65	III	370
H	3.1.62	1.11.65	III	420
I	1.8.69	1.6.72	III	260
J	1.4.69	22.1.71	III	330
K	1.10.66	1.3.72	III	266
L	5.7.65	1.2.74	III	274
M	1.9.67	1.6.73	III	260

At least four persons have been in the company for 12 years and above. Five persons have been with the company for between 8 and 9 years while none has been in the company for less than 5 years. The table also shows that while some employees are promoted within 1-3 years of their engagement, others had to wait for a much longer period indicating that promotion in the company does not depend on seniority at least for the lower level employees. The company explains lack of promotion for some employees by pointing out that as its declared policy is to promote personnel through merit, as measured in particular by passing examinations, the older persons in the Company who happen to have education and interest in sitting examinations must necessarily be disadvantaged. Hence, their innumerable complaints. Yet as we have seen considerations other than educational qualifications determine promotion or non-promotion of personnel.

Tribal considerations seem to have played some part in the promotion process. At the time of writing there is considerable tension between one of the supervisors in the Weaving Department and another supervisor who is his superior. The former belongs to B-tribal group while the latter belongs to A-tribal group. The former alleges that the latter wants to have weavers from his tribal group promoted even though they do not deserve promotion. Several workers in the department voiced the same opinion deploring the fact that the A-tribal group supervisor seemed to have won favour with the Departmental Head.

The general picture that emerges from the foregoing discussion is that it is extremely difficult for a lower level participant in the Company to predict the trend of his career in the Company. Indeed, the Company does not seem to have any "calculable" career prospects for the lower level employees. Under such circumstances the workers remain frustrated and some of them rather than work for the Company have opted to go to earn a living in their small holdings in the rural areas. Yet, some individuals manage to progress in the Company from the lowest levels to management positions. This, however, appears to be a rare occurrence and it is still fair to maintain that the lower employee in the Company is unfortunate.

(d) Labour Turnover and Absenteeism

There are a number of ways of computing labour turnover. The following formula has been used for computing labour turnover in this and the next case.

$$\text{Labour Turnover} = \frac{\text{Number of separation during period}}{\text{Average number employed during period}} \times 100$$

The period used for computation of labour turnover may be a month, a quarter, or a year. We shall use one month as the basis of computing labour turnover, and then project this turnover for a period of one year.

Using the above ratio, the following monthly turnover percentages for 9 months stretching from December 1974 through August 1974 are obtained:

T A B L E XI

LABOUR TURNOVER RATES FOR THE MONTHS OF DECEMBER 1973 THROUGH AUGUST 1974

MONTH	December 1973	January 1974	Feb. 1974	March '74	April '74	May '74	June '74	July '74	Aug. '74
TURN-OVER RATES	% 0.83	% 3.00	% 2.95	% 1.16	% 1.33	% 2.05	% 1.39	% 1.91	% 3.81

The average monthly turnover is therefore 2%. Projected into an annual turnover, this would give us 24%. This is an extremely high rate of labour turnover. As the Company has about 1,153 employees, this means that about 270 employees leave the company every year. Our discussions with the personnel people revealed that the labour turnover rate in the company has been high for a number of years now. On the whole dismissals for the period under consideration constituted the single most important factor determining the very high labour turnover rate.

At least, on the average one person was dismissed every two days.[65]

This high turnover rate may have been a result of several factors. First, the wages in the company are low compared with alternative employment, and therefore the employees decide to leave the company. Again, physical conditions are so bad that rather than risk one's health, the option of quitting the company appears more attractive. Thirdly, this high turnover indicates harsh treatment of the lower employees by supervisors and members of management. Finally, as we have seen the dismissal rate in the company is quite high. We shall in the later sections show the objective data pertaining to wages, physical working conditions and management style used in the company.

Absenteeism in the company is also high. This absenteeism is often due to genuine sickness of the workers. Some of it, however, is due to the dissatisfaction of the workers with the company although the excuse of sickness is given. Between February and September 1974, a total of 5625 mandays were lost on account of absenteeism, let alone lateness. On the average 703 mandays were lost per month. Thus, out of a planned 36,000 manhours each month 703 manhours were lost to the company. To compute the rate of absenteeism, the following formula will be used in this and the next case.

$$\frac{\text{Lost mandays}}{\text{Mandays planned}} \times 100$$

Using this ratio, we get a rate of absenteeism of nearly 2% per month. As we argued above, this rate of absenteeism is high and may indicate something wrong in the company. Sickness and industrial injuries are the chief source of absenteeism.

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[65] This high dismissal rate may reflect that the workers in the company are unhappy. So, they resort to practices such as stealing, rows with supervisory staff, slowing rate of work and the like which result in dismissal.

(v) Workers' Welfare, Health and Fringe Benefits

The physical working conditions in the factory are not satisfactory. This was the opinion of the Chief Factory Inspector, who after visiting the company's factory on 13th August, 1974 ordered that certain improvements be made to the factory premises in accordance with the spirit and letter of Factories Act, Cap. 514. At the moment, therefore, the company is doing its best to improve the physical environment of the factory.

Apparently, prior to the visit of the inspector, many machines were not fenced off or guarded. Similarly, dust-masks had not been provided to the workers in the departments where dust from cotton is a danger to health. Ventilation has been poor, but the company is currently trying to improve it. Lighting is also being given some thought.

On the whole, the working environment has been poor and it not surprising that the Chief Factory Inspector should have ordered its improvement with immediate effect.

The very high rate of absenteeism does indicate that sickness in the factory is a major problem. A closer analysis of reported sickness data did reveal that certain departments have higher rates of sickness than others. Thus, the Loomshed Department had 1.54% followed by Weaving Preparatory which had a sickness rate of 1.39%.Tailoring ranked third with a rate of 1.34% while Spinning and Finishing Departments ranked fourth and fifth respectively with rates of 1.25% and 1.22% respectively. The other departments have insignificant rates of sickness. A visitor to the factory would not be surprised that Loomshed, Weaving-Preparatory and Spinning Departments should register the highest rates of sickness as these departments are extremely dusty. To add to the horror of the workers, the Weaving-Preparatory is excessively hot. Dust on the hair and clothing of the workers in these departments indicated the kind of environment in which they work. According to the Chief Shopsteward, chest complaints in these three departments were quite common. One member of the managerial group said that at one time about 60 cases of tuberculosis were reported in the factory.

All these problems in the physical working conditions of the factory have been there in spite of a Works Council which should have been looking into the health and welfare of the workers. The Works Council should have been looking into matters such as employee services, holiday arrangements, safety measures, social and sports activities, production methods, training and education which are not normally regarded as matters for negotiation between employers and the union. Thanks to government legislation and the factory inspectorate system, many of the difficulties workers in this factory face have been discovered.

Certain aspects of the welfare of the workers have been prescribed by the government and the Union-Company agreements incorporate them. In this company, the Union-Company agreement stipulates that,

> "After 12 months continuous service, an employee will be entitled to 24 consecutive days leave with full pay (excluding any statutory public holidays which may fall within leave period)".[66]

The agreement also stipulates that an employee is entitled to leave travelling allowance of KSh. 60. The Union-Company agreement further stipulates that after completion of the probationary period, and subject to production of a medical certificate of incapacity covering the sick leave period, an employee will be entitled to sick-leave with pay in any one year as follows:-

"(a) First 30 days with full pay

(b) Next 15 days with half pay

(c) An employee shall not be liable

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[66] See Appendix B for this and other specific quotations from the Union-Company Agreement in the textile firm.

for sick leave in respect of any incapacity due to gross negligence on his own part".

Thus, an employee of the company may expect sick benefits for a total of not more than 45 days from the company.

At the factory premises there is a dispensary with a full-time dresser where workers go for treatment in case of minor injuries and colds. If they happen to receive treatment outside the factory, proof of such treatment is necessary. Workers are, however, being encouraged to make full use of the dispensary facilities. A qualified Asian medical practitioner is engaged on a part-time basis to come and attend to the lower workers and other personnel in the factory. These health benefits do not extend to the families of the employees.

On the social activities and sports side, the company has a strong foot-ball club which has performed quite well in competitions with other companies' employees. This is vindicated by a large collection of trophies displayed in the company's general office at the factory.

According to current union-company agreement,

"A gratuity scheme shall be inaugurated which shall also take into account the past continuous service of employees up to a maximum of 10 years as from the effective date of this award .... The gratuity will only be paid on retirement and not when an employee resigns or is discharged.

Gratuity shall be calculated on the following basis:

(a) Under 6 years of service - 10 days basic wage per completed year of service.

(b) Over 6 years of service - 15 days basic wage per completed year of service.

(c) On completion of 1 year's service, a part of any subsequent year in excess of 6 months will count as a completed year of service for the purpose of the above payment".

This scheme is designed to encourage commitment of the workers to the company. It is, however, possible that very few workers would benefit from the scheme given the fact that the turnover rate in the company is quite high. Nevertheless, quite a few workers have been in continuous service of the company for more than 10 years, and such workers, if they are not dismissed may well benefit considerably from the scheme. The company in fact boasts of having helped one retired worker establish a bus company with the gratuity money given to him.

On the whole it would be fair to say that the company rarely goes beyond the legal minimum requirements in providing welfare services to its employees. Under pressure from the government however, it is improving the work environment in the factory. In fact, there are plans to introduce tea in the factory as the factory inspectorate recommended. The following extract of a letter sent by the company to the Chief Factories Inspector in the ministry of Labour shows what is being done by the company to safeguard welfare and health of workers.

"..........

1) <u>Guarding of Machines</u>

(a) Vee-belts for the die winch are fitted

(b) Vee-belts for the smaller winch are fitted

(c) Vee-belts for the stirrer are fitted

(d) Vee-belts for the Spinning Preparatory Machines are fitted.

(e) The hydro-extractor: We are fitting a proper door which should be interlocked so that this does not operate when the door is open.

(f) Vee-belts for the hydro-extractor are fitted.

(g) A proper guard has been fitted on the sewing machine which was covered with plastic paper.

(h) Vee-belts for the machines in the workshop are fitted.

(2) Lighting

We are considering the necessary lighting system.

(3) Fire-Extinguishers

We have increased our fire extinguishers by 20.

Ventilation

We have already done the necessary arrangements in the winding department. As far as the Loom-shed is concerned, it is already well equipped with return air duct fans and it is a complete system for removing the humid air from the department .....

.... As far as the working and sizing sections are concerned there is a complete recirculation of air underground system which is erected by the above.company. Blowroom section is equipped with 3 rotary air filters. Carding section is equipped with two waste section filters.

Dust

Masks have been supplied to the employees in the departments required.

Noise

This is under serious consideration

Tea in Factory

We are still working on the best method of supplying tea to the employees ...."

This letter to the factory inspector reveals part of the surrounding in which the company's employees have been working. Hopefully, the company will do what it has promised as this would greatly ease some of the difficulties workers now face.

4. INDUSTRIAL RELATIONS

It would be incorrect to say that industrial relations in this textile firm have been amicable. Our previous analysis has clearly pointed out the inadequacies that exist in the company as far as the well-being of workers is concerned. Under such circumstances, we should expect considerable tension between the workers and management. In fact, such tension exists as the workers complain about bad working conditions and wages, while management remains relatively nonchalant to the plight of workers. Racial favouritism only intensifies the ill feelings of workers towards management. The workers point out that it is to be expected that a factory run by Asians should display the worst type of exploitation. This racial bias may be or may not be justified but the behaviour of Asian businessmen and employers elsewhere in the country has been deplored by their employees. As one employee in the factory stated it,

> "It is much better to work for and under a European than for an Asian or an African".

The rather poor industrial relations in the Company are underlined by fairly high staff turnover as well as the high absenteeism rates. It is, however, striking that the Company has not faced any workers' strike since 1962. One way of explaining this fact is that the union which represents the workers is a weak one. In fact, this was the opinion of the workers.

What follows below is an examination of the Union, the Company's wage structure, disciplinary powers of management, and the management style in the Company, all of which aspects may influence the character of industrial relations in any one firm.

(a) <u>The Union</u>

The lower employees of the Company belong to the Tailors and Textile Workers' Union. Union membership is not compulsory but according to the Chief Steward, all the workers in the factory are members of the Union. This means that at the time of writing the Union's local membership is in the region of 1,153 persons.

Numerically, therefore, the union at the factory is strong. As each member is required to contribute KSh. 4 to the Union per year, the local union procures well over KSh. 4,600 per year. Since 1965 every company must deduct from the union members an amount of money agreed to be payable as contribution to the union. Under this check-off system, the employer remits 85% of the dues collected to the Union's National Headquarters (i.e. to the National General Secretary) and 15% direct to COTU. Thus, about KSh. 3,910 is sent to the National General Secretary of the T.T.W.U. The National Union has 22 branches in the country and monthly dues sent to the National General Secretary could be substantial depending of course on whether or not union membership in the other textile firms is as large as in the Company under consideration.

The General Secretary of the union closely controls all union funds. Only the necessary money for branch salaries and wages is remitted to the branch offices. Financial power in the union therefore rests in the hands of the General Secreatry and this could explain the relative weakness of the local unions which control no money. T.T.W.U. like most other unions in the country suffers from a general lack of sufficient funds. This is a major source of weakness of unions in Kenya, as we saw in Chapter One.

This weakness, is particularly reflected in the local unions. Even though the local union may be frustrated by management, it cannot undertake a strike action without the consent of the headquarters. If it undertakes a wild-cat strike, no financial or any other help would be forthcoming from the headquarters. The situation would probably be slightly different if the local union was given some autonomy in financial and other matters. Unfortunately, the government directive that all union funds should be sent to higher union authorities rules out this possibility. We may add that part of the weakness of unions in Kenya is also due to the fact that most of their leaders are men with little formal education. For instance, at the Textile Firm under consideration, the union leader (i.e. Chief Shopsteward) had not even completed primary school education.

The Thika Branch of T.T.W.U. is constituted by four local unions operating in the three textile firms in Thika and another firm, A.C.I.F. engaged in the manufacturing of sacks and other items made from sisal. The Thika Branch Secretary of T.T.W.U. oversees the activities of the unions in each of the four companies. The General Secretary of the unions stays in Nairobi which is the National headquarters of the Union.

The Union in the firm under consideration therefore does not operate autonomously but works in conjunction with other branches of the larger union. The national union effectively controls the branch unions, especially as it is the general secretary who controls the finances of the union.

The weakness of the union is vindicated by the fact that in the life history of the company there has been only one strike. This strike took place in 1962, and was part of a wave of strikes that hit the country. The causes of this strike at the factory were; First, there was the grievance about low wages. One worker still in the company stated that on joining the Company in 1961 he received a wage of 87/- per month. Secondly, there was protest against general maltreatment of workers by management. This took the form of molesting of workers by Asian supervisors and managers - a practice which according to the workers still goes on in the factory. Thirdly, the terms and general conditions of work were unsatisfactory. For instance, workers complained about excessive work. Finally, and what "broke the camel's back," one of the Union Committee Members was sacked. This was the immediate cause of the strike at the factory.

(b) Salary and Wage Structure

The wages of the lower employees in the Company are not all that attractive. We have already shown the wages of a sample of workers who have on the average been in the company for 5 years when discussing promotion within the Company. It has been argued and illustrated that the Kenyan Manager earns on the average as much as seven times what the lower level personnel earn. This is very well illustrated by the wage structure of one of the departments in the Company. Table XII summarises the relevant information well.

TABLE XII

SALARY AND WAGE STRUCTURE IN THE ELECTRICAL DEPARTMENT

STATUS OF EMPLOYEE	WAGES OR SALARY KSH.
Departmental Head	3,334
Assistant Departmental Head	2,500
Worker A	635
Worker B	500
Worker C	365
Worker D	365
Worker E	365
Worker F	365
Worker G	340
Worker H	300
Worker I	300
Worker J	300
Worker K	295
Worker L	295
Worker M	270
Worker N	240

The first thing that strikes a casual observer of this table is the immense wage difference between the top two persons and the workers. The average wage for the 14 workers is Sh. 353.50. This means that the departmental head earns as much as 9.45 times the wage of the average worker in his department. His assistant earns 7.1 times as much money as the average worker in this department.

It so happens that as a result of pressure from the head of the department wages in this department are on the average higher than those for the other departments in the Company. The wage differentials between Asian managers and African workers could be even greater. Note that the two management personnel in the department mentioned above earn 54.17% of the total wage bill in the department.

The wages of the workers are set by a joint agreement between the Tailors and Textiles Workers' Union and the textile company. The local union in the factory negotiates the wages and terms as well as conditions of work directly with management of the company. The current agreement is expected to run for three years as from 1st March, 1973. The full text of an extract of this agreement will be found in Appendix B. According to this agreement, the wages for the various operatives in the company range from KSh. 180/- to KSh. 420/- per month. A general increase of wages by KSh. 25/- was effected as from 1st March, 1973. This increase would last for 18 months, when another general increase of KSh. 25/- would be effected automatically.

In addition to the basic wage, the workers in the Company each receives a housing allowance. Those persons staying in Nairobi receive slightly higher housing allowances than those living in Thika. Housing allowance is provided to those workers who do not have free company housing. The amount of housing allowance is small compared to the amount of rent that the workers are expected to pay. The moneys paid are::

	Nairobi	Thika
	KSH.	KSH.
Men	40/-	35/-
Women	26/-	23/-

Now, a single room in Nairobi is rented for as much as KSh. 250/- per month or more. In Thika, the rents are of the order of KSh. 150/- per room. With a housing allowance of 40/- to live in Nairobi at least six workers would have to band together in one room. The situation is even worse for women. A similar problem would face those who reside in Thika. In fact, workers are often forced to make use of money from their pockets in order to be able to live in town. Unfortunately, their wages are not all that high. The average wage for workers in the factory is KSh. 250/- per month. This wage is much lower than the amount of rent that would be charged for a room in Nairobi. In other words, even if a worker decides to use some of the money from his salary to subsidise housing, he would still have to share a single room with three or four others. In fact, this is very common in both Thika and Nairobi.

It therefore becomes virtually impossible for somebody to live with his family in town. This is one of the reasons why every weekend the workers, whose homes are not far, decide to go to the countryside to see their families. Due to the increasing cost of living, management of the company decided to increase the wages of the lowest paid category - fitter trainees - from KSh. 180.85 to KSh. 205/- on 1st July, 1974. But this increment of course does very little to alleviate the financial difficulties that the individual worker faces.

The total wage bill for lower employees is about KSh. 276,000/- per month. This gives each worker an average of KSh. 250/- per month. The management worker remuneration ratio is approximately 10:1. The members of management share among themselves about KSh. 60,000/- per month, thus each, on the average, pocketing KSh. 2,800/- per month.

There is therefore a gigantic difference between what the average member of management gets per month and what the average worker gets during the same period. Thus, while the wages for the lowest paid worker compare favourably with those obtaining in the public sector, the comparison is not all that favourable with many other private companies where the lowest paid workers earn virtually double what workers in this textile firm earn. In fact, it appears as though all textile firms operating in the country pay low wages. For example, in another textile firm operating in Thika, the current Union-Company Agreement stipulates that with effect from 1st June, 1974, the wages for the various operatives will range from KSh. 204/- to KSh. 495/- per month.[67]

(c) Disciplinary Powers of Management

In this firm management has extensive powers of disciplining workers. These powers emanate partly from the inherent right of every employer to discipline an employee who has committed an offence, say like stealing and partly from the Union-Company agreement. There is an elaborate procedure to be followed any time an employee has abrogated the express and implicit terms of his employment. In fact, this procedure is laid down in the Union-Company agreement. The agreement stipulated:

> "An employee whose work or conduct is unsatisfactory or commits an offence which in the opinion of the employer does not warrant instant dismissal shall be warned in the following manner:-
>
> (a) The first and the second warning will be recorded and the shopsteward advised.
>
> (b) If any employee with two warnings recorded on his/her record card commits a third offence within 365 consecutive days from the date of the second warning, he/she will be liable to instant dismissal.
>
> (c) If an employee completes 365 consecutive days from the date of the last warning without any further offence, all warnings recorded on his/her card will be cancelled.
>
> (d) If an employee refused to accept the warning, the shopsteward shall be called to witness and if he refuses to accept it

[67] See Appendix B

in the presence of the shopsteward he shall be given one month's notice to terminate his/her employment."

Thus, there are a number of cases where a worker can be dismissed instantly. For instance, a worker who steals or dishonestly obtains some advantage from management may be dismissed instantly. So too, may a worker whose work is excessively poor. In each of these cases the union may not interfere with management's right to dismiss a worker.

The following are instances where the disciplinary powers of management have been invoked.

CASE 1: "On 10th September, 1974, an employee in the Spinning Department stole a bundle of yarn. He was arrested by security police stationed in the department's premises. He was then taken to the nearest police station in Thika, after being informed that he was instantly dismissed."

CASE 2: "On 16th, September, 1974, an employee was brought into the Personnel Manager's Office by his supervisor. This man had been involved in a row with his departmental head who was an Asian. The departmental head had decided not to accept back the employee in his department. The Personnel Manager referred the employee back to the departmental head saying that it was up to the departmental head to accept or reject the employee.

The behaviour of the employee had been such as to warrant instant dismissal."

CASE 3: "On 16th September, 1974, a female telephone operator in the employ of the company failed to inform one of the managers of his call from the N.S.S.F. Thika Branch. This annoyed him and he summoned the young woman for questioning. The woman's behaviour towards the manager was undoubtedly rude. She even banged the door as she walked out of the office. The manager phoned the General Manager (in whose office the telephone operator works)

> informing the latter of his intention to have the woman warned. The General Manager however did not feel that the woman should be warned and he overruled the decision of the offended manager."

The above three cases are illustrative of the disciplinary powers of management. The first case was a clear case of theft and therefore instant dismissal accompanied by loss of any benefits from the company. The second case was not all that clear, even though it resulted in instant dismissal. It only illustrates the difficult situation in which a worker will find himself should he quarrel with one of the members of management. There is no provision for an appeal to a higher authority in the union-company agreement. When the worker attempted to get justice meted out by an "independent" party, this party turned him down. In a situation like this, the workers just feel themselves helpless in the face of unbridled managerial power. Numerous situations of this kind have taken place in the company before and the union has been of very little help. In some companies, however, there is provision for an appeal to a higher authority say to a General Manager. This is the case with most Engineering companies, for instance, the engineering firm considered in the next case.

The third case is interesting in that it illustrates some managerial conflict, which resulted in the woman not receiving a warning letter. One manager wished to have the woman disciplined, while the other saw no need for such discipline.

On the whole, managerial disciplinary powers in the company are wide and the workers have few safeguards against a manager determined to punish them. Victimisation and unwarranted maltreatment is therefore implicitly licensed. Many of the difficulties that the workers face, including maltreatment by management, are clearly due to the weakness of their union. If the union cannot protect the workers from such maltreatment, it is difficult to see how they would have faith in it. We have already mentioned some of the major factors that determine the weakness of the unions. These include, lack of adequate education for most of their leaders, poor financial resources and restrictive government policy. The end result is investing excessive powers especially with respect to discipline in the hands of the members of management group.

(d) Management Style

The dominanant management style used in the firm tends towards the non-participative end of the spectrum. The reason for this is that the business is a family enterprise and therefore no question of workers participating in the major decisions for example, where and how to invest or how many hours to work except in so far as they are able to negotiate well during the signing of Union-Company Agreements.

The owners of the company - an Asian family of British citizenship - have engaged their own fellow Asians as the top managers in the company. As we have seen, out of 11 top managers only three are Africans. These managers are charged with the duty of running the business in the best interests of the owners and themselves. The workers, therefore, are only there to do what they are told.

Nevertheless, some form of participation in making certain key decisions is grudgingly accorded the workers. This takes place during the negotiations leading to a union-company agreement The representatives of the workers sit side by side with the representatives of management to draft the agreement. The agreement is, however, designed to benefit management more than the workers. Thus, while about 1,160 workers get on an average KSh. 250/- per month each, the members of management get on the average KSh. 2,800/- per month each. Whatever else remains goes into the pockets of the owners of the company or part of it is retained by the company for future needs. What remains after the wages and salaries and other expenses have been paid is a considerable amount of money. For instance, one department is known to have a turnover of not less than KSh. 4 million per month. It is difficult then not to conclude that the agreement favours members of management and the owners of the company at the expense of the workers.

The second form of participation that the workers are involved in is through the Works Council. The Works Council in the factory consists of eight persons. Five members of the Council represent the workers while three members represent the management. The Works Council meets at least once a month to discuss major issues that may have arisen during the month. The Council discusses only matters that should not normally be discussed by the union. For instance, it discusses how the public holidays will not adversely interrupt the production process, social and sports activities, and related non-union matters. To give one example, prior to the Idd-Ul-Fitr and Kenyatta Day holidays of 1974, the Works Council deliberated and as a result of their discussions the following letter was issued from the Personnel Section.

"Kenyatta Day on 21st October, 1974
Idd-Ul-Fitr on 18th October, 1974

To all employees,

This is to advise you that the above mentioned dates will be observed as Public Holidays in Kenya. As Saturday the 19th October, 1974 falls between these holidays the Works Council has requested the management that employees compensate for this date so that they proceed on holidays from 18th October, 1974 to 21st October, 1974 inclusive. The following arrangements have been agreed upon in order to compensate for this day.

1. On Saturday, 12th October, 1974, All Employees will work for two hours extra.

2. On Saturday, 26th October, 1974, All Employees will work for three hours extra.

3. Employees in C SHIFT on Thursday, 17th October, 1974 will work on Sunday 13th October, 1974 from 11.00 p.m. to 7 a.m. in order to compensate for this day.

The factory therefore closes at 11.00 p.m. on 17th October, 1974 and will reopen on Tuesday 22nd October, 1974 at the usual working hours according to every shift."

The Works Council at the factory, therefore, involves workers in some of the decisions in the company. It is probably the only avenue through which some of the grievances of workers, those grievances that do not fall under the union, are discussed. It is also used by management as an intelligence gathering body since the company does not entertain the idea of introducing a "suggestion-box" system.

The Works Council and the occasional signing of the Union-Company Agreement constitute the only signs of workers' participation in the firm. The reaction of the workers to the Works Council is one of considerable indifference. Just like the Union, so they say, the Works Council is a "useless body". In this company the workers representatives in the Works Council are also union members who belong to the local union committee. Thus, the workers feel meetings of the Works Council are dominated by management representatives and to the benefit of management.

Members of management do not expect the workers to be enthusiastic in doing what is dictated to them. In fact, as one supervisor put it, if the workers in his department were not closely watched, they would all sit down and engage in discussing local politics. This would be the outcome precisely because the workers at the factory are not well-motivated. In terms of money and other benefits, they are worse off than workers in, say, the non-textile firms in Thika.

Since the workers would not be willing to put the effort expected of them, close supervision becomes necessary. This in turn results in ill feelings by workers towards supervisors and members of management who retaliate by being harsh. This is how autocracy results in the factory. As we have seen, one of the causes of the 1962 strike in the factory was the excessive autocracy and abusive language of the members of the supervisory and management group. Moreover, the Asian members of the management group have been using workers in the factory to clean up their private homes which are situated within the premises of the factory. In this respect one African member of management had this to say:

> "Before I launched a strong protest to the General Manager, Asian managers in the factory used to come to my department and get workers to do general work in their residences which are near the factory. I could not stand that and protested that even if the workers in my department are idle, they should remain within the departmental premises. Workers are treated by Asian heads of departments very harshly."

We have already mentioned the case of a worker who had a row with the head of the department in which he worked. Such disagreements are quite common in the factory and they arise often as a result of harsh treatment of the workers by their supervisors and heads of departments.

On the whole, therefore, the dominant management style used in the company is one of non-participation by workers in managerial functions. Since the company is privately owned it would be unusual to expect, at least in the Kenyan context, that the workers would have much say in the making of major managerial decisions.

5. MISCELLANEOUS

(a) Cleavages Among Management Personnel

Even though there is some esprit de Corps among members of management in the firm, yet one should not be led to believe that all there is at management level is peace and harmony. There are in fact considerable areas of conflict.

First, there is a major cleavage between Asian and African managers. It appears that the two groups are in considerable suspicion of one another. This is especially so as far as remuneration is concerned. There is a general feeling that African managers earn less than Asian managers. Asian managers are also provided with free housing by the company while African managers are not. The suspicion that Asian managers earn more than African managers is supported by the fact that there are no published salary scales for management personnel. Each manager has a unique salary which is promised to him in his letter of appointment. For instance, one young graduate from the University of Nairobi earns KSh. 2,500/- per month while another one earns KSh. 3,334/-. The two were engaged at about the same time. These,are, of course, the scales that obtain for university graduates in both government and private sector. What the complaint is all about is that the Asian members of management, a number of whom do not possess any university education, earn much more than the African managers.

In some companies, management personnel, in addition to the basic wage are accorded such benefits as loans for purchasing cars. In fact, some companies provide loans for purchasing houses by their senior personnel. This is not the case with the firm under consideration.

We have mentioned one instance where a young Asian boy was engaged as a trainee fitter and was given a starting wage of KSh. 450/- while an African with the same qualifications was to receive only KSh. 180/- per month. The young Asian thus earned $2\frac{1}{2}$ times as much money as the African. If the Asians in the management group earn $2\frac{1}{2}$ as much money as Africans in similar positions, then their salary scales are in the region of KSh. 6,000/- per month each, a figure which was mentioned by one of the interviewees. This wage discrimination based upon race would, therefore, be a major source of cleavage between the Asian and African managers.

One African manager asked for a loan to purchase a car but was informed that it is company policy not to provide loans for cars to its employees. He could not avail himself of a company car. But when a certain German technician joined the company, he was immediately provided with a company car, a furnished company house, and a salary of not less than KSh. 6,000/- per month. It is easy to understand then why African members of the management group would feel uncomfortable.

Secondly, there does seem to be intra-management conflict over jurisdiction. We have already mentioned the case of one manager whose decision was overruled by another. Jurisdictional conflict can be minimised when a manager knows precisely what is expected of him. This is not the case in this firm. There is one case when one university graduate employed at managerial level was frustrated by not knowing what he was required to do. He deserted the company. Likewise, the personnel manager and his staff complained that their functions were being usurped by the Nairobi Office. Apparently an Asian youth was engaged without the personnel section being informed. Jurisdictional conflict can, however, be resolved by clear specification of the duties and powers of each manager.

Finally, there seems to be latent conflict between African and Asian managers over the issue of the way the latter treat African workers. We have already mentioned the case of the African head of department who protested that workers in his department should not be used as labourers in Asian managers' private residences. This man also expressed dissatisfaction at the low wages which African workers were getting compared to those Asian counterparts were getting.

We can therefore conclude that there is considerable conflict between Asian and African members of the management group. Racial discrimination in providing company benefits, lack of clear jurisdictional demarcation, and the harsh treatment of African workers by Asian supervisors and members of management contribute to these intra-management cleavages.

(b) <u>Public Relations</u>

One of the environmental pressures that the firm has to contend with is political pressure to yield certain benefits to the country as a whole or to particular individuals or institutions. We have already hinted at some of the pressures that the firm faces from time to time.

The company, for instance, has at times been asked to provide donations to institutions. A recent example is a letter from the Mayor of Thika requesting for such a donation. The letter read:

> ".... the citizens of Thika ... have decided to go to pay a courtesy call on His Excellency at his Gatundu home very shortly.
>
> It is the wish of Thika residents that we present the President a donation for one of the needy cases in the republic. Towards this end I am making a special personal appeal to your company to donate generously towards this worthy cause."

In addition, once in a while top company personnel are requested to attend cocktails by the various bodies in Thika where they are expected to contribute significantly. One manager complained that the requests for donations were becoming a bother, sometimes affecting his own personal money. Yet, failure to respond to such donation requests favourably would reflect very badly on the company and its top personnel.

Pressure to employ certain persons is also brought to bear on the company. We have mentioned that during the 1974 General Elections campaigns one parliamentary candidate was able to have 40 persons employed by the company. More subtle forms of pressure, for instance employing of relatives, are known to affect certain companies. However, there was no hard evidence that this subtle form of pressure was taking place in the company at the time this study was being carried out.

Formal government pressure on the company has also been felt. This is especially so in the sphere of the physical working environment in the company. We have at length examined this aspect when discussing Workers' Welfare and Health, and we need not repeat this here. Suffice it to say that in their zeal to maximise profits, the owners and management of this company had forgotten the welfare and health of the workers. The government came to the rescue of the workers by ordering that the physical working environment in the factory be improved with immediate effect. Thus, for example, the various machines in the factory which had not been guarded are now already guarded. Likewise, masks to avoid cotton dust being inhaled by workers have been issued to them.

We can, therefore, justifiably say that the company has been subjected to considerable political pressure. Some of this pressure is morally justifiable, while some of it is not. For example, pressure to train apprentices, which has been put on all major industrial concerns, is justifiable in that the country needs Kenyan manpower to take over from alien employees. Of course the companies have various means of resisting such pressure. In the firm under consideration, the pressure to train apprentices is resisted by frustrating the apprentices who decided to go away.

As there is no public relations section in the company, the Personnel Manager carried out all public relations functions. Accordingly, he is the one who receives letters for donations, and on the whole answers all questions of a public relations nature. He does this, however, in close collaboration with the General Manager.

C H A P T E R III

THE ENGINEERING FIRM

1. NATURE AND SIZE OF BUSINESS

The firm that we are going to consider below is an engineering company. This firm is a branch of one of the many multinational corporations operating in Kenya, and its headquarters are in London. In terms of size, the company is not as large as the oil giants or the motor vehicle companies. Nevertheless, it is a force to reckon with especially in Kenya where it enjoys virtual monopoly in the supply of cans.

In the United Kingdom, the company has a dominant position in the packaging industry. It also has significant stakes in Italy, South Africa and India. Although the main line of business of this company is the manufacturing of metal cans, it has increasingly extended its activities in plastic and paper packaging. In 1971, the overall company turnover was £222 million sterling, and pre-tax profits of £18.4 million were earned.

In the United Kingdom, the parent company has about 35 factories fifteen of which specialise in metal items. Outside Britain, the company has 35 factories spread over India, Italy, Nigeria, East Africa, Malaysia, Jamaica, Trinidad, South Africa and Greece. Moreover, it has limited interests in similar companies operating in Israel, Australia and New Zealand. Table XIII shows the various countries in which the company operates or has some interests. Thus in Kenya, the company has four factories - one in Mombasa, one in Thika and two in Nairobi, and holds a combined 80% majority share (i.e. 90% for Company E and 51% for Company F). In fact, outside South Africa, where the company has erected ten factories, the major African concentration of activities is in Kenya

TABLE XIII

LOCATION OF OVERSEAS SUBSIDIARIES IN 1971

REGION	COUNTRY	COMPANY	INTEREST HELD	FACTORY UNITS
EUROPE	Italy	A	93%	3 Factories with high speed lines introduced in 1970.
	Greece	B	32%	2 Factories - plant extension taking place in the new Salonica Unit
AFRICA	S. Africa	C	66%	8 Factories; one recently replaced by a complete new unit.
		D	34%	2 Factories; one currently being extended to manufacture beer cans.
	Kenya	E	90%	3 Factories with a general line factory and PVC pipe manufacturing facilities added in 1970.
		F	51%	1 Factory
	Tanzania	G	80%	2 Factories mainly for meat canning
	Nigeria	H	80%	1 Factory
	Rhodesia	I	43%	2 Factories
ASIA	India	J	68%	6 Factories with automatic lines increasingly being installed.
	Singapore	K	62%	1 Factory
	Malaysia	L	62%	2 Factories
	Pakistan	M	33%	2 Factories
	Thailand	N	37%	1 Factory
WEST INDIES	Jamaica	O	100%	1 Factory
	Trinidad	P	100%	1 Factory
OTHERS	Australia	Q	14%	
	New Zealand	R	3%	
	Israel	S	27%	

In 1971, the company earned a turnover of £8,000,000 from African countries, South Africa excluded. Now as there is a concentration of activities in Kenya, it is not surprising that Kenya contributes not less than £4,000,000 to the company's total turnover. The contribution of the company operating in Kenya is, therefore, significant.

The Company is a major employer in Kenya and at the time of writing it has a labour force of not less than 1,500 persons. Of these, about 18 are expatriates holding various managerial and technical positions. In its Nairobi Branch, where this case study was carried out, there are not less than 530 employees who are engaged on a permanent basis. During the month of October, 1974, the monthly employment return for the various categories of personnel was as shown in Table XIII. This monthly return is typical of the monthly labour returns in the Branch for the months of March through September, 1974.

<u>T A B L E XIV</u>

EMPLOYEES OF THE COMPANY AS OF OCTBER 1974

Expatriates		6	Management
Local Staff:	(a) Asians (Male)	4	Management
	(b) Africans (Male)	11	Management
	(c) Africans (Female)	1	Management
Supervisory:	(African males)	23	
Management Trainees:		2	
Clerical (A-E):	(a) African (male)	42	
	(b) African (Females)	10	
	(c) Other races (female)		
Apprentices:	(a) Craft	3	
	(b) Technician	19	
Others	(a) Group 1	8	
	(b) Group 2	16	
	(c) Group 3	36	
	(d) Groups 4-7	291	
	(e) Group 8	55	
Temporary		2	
Casuals		24	
Total		553	

The company has participated in the various tripartite agreements designed to ease unemployemnt problems in Kenya and has provided employment opportunities at a reasonable pace. According to the Personnel Manager the Company's Nairobi Branch has been expanding its production at the rate of 10% per annum, and the employment opportunities at the branch have been created at more or less the same rate. Due to inflation, however, the rate of creation of employment opportunities slackened in 1974. Thus, between December 1973 and October 1974 only 20 persons were engaged by the company on a permanent basis.[68] In December 1973 there were 529 permanent employees in the Nairobi Branch factory. In October 1974, however, the number of permanent employees had dropped by two persons. (The figures given include apprentices). Twenty-two permanent employees left the company.

Although the company does not sell shares to the members of the Kenyan public, there is some 10% control in its Nairobi branches by the Government through the ICDC. There are six directors of the Kenyan Company one of whom is a Kenyan, one a Tanzanian and four Britons.

In East Africa, the company first established its operations in 1948 in Thika town. This is about the time when multinational corporations began to penetrate Kenya, thus slowly coming to dominate the industrial scene in the country. Since then, it has been expanded considerably and at the moment its products are exported to places like Zambia, Zaire, Ethiopia, Nigeria, Mauritius and the Middle East.

Although the Company is a subsidiary of a large multinational corporation, it operates on a more or less autonomous basis as far as personnel policies are concerned. The parent company only controls major capital investments. It does, however,

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[68] The average number of new permanent employees per year between 1970 and 1973 was 40 in the Nairobi Branch.

appear that there is a policy of maintaining at least 6 expatriates in the Nairobi Branch. Over a period of three years, there have been at least 6 expatriates. The Personnel Manager, however, insisted that the expatriates are maintained because there are no local qualified personnel in the areas that these expatriates have specialised in. As one of the expatriates stated, while there may be Kenyans with professional and technical qualifications in most of the functional areas in the company, there is lack of Kenyans with a depth of experience that is necessary for effective work. This particular expatriate has been with the company for at least 17 years.

2. ORGANISATION AND AUTHORITY STRUCTURE

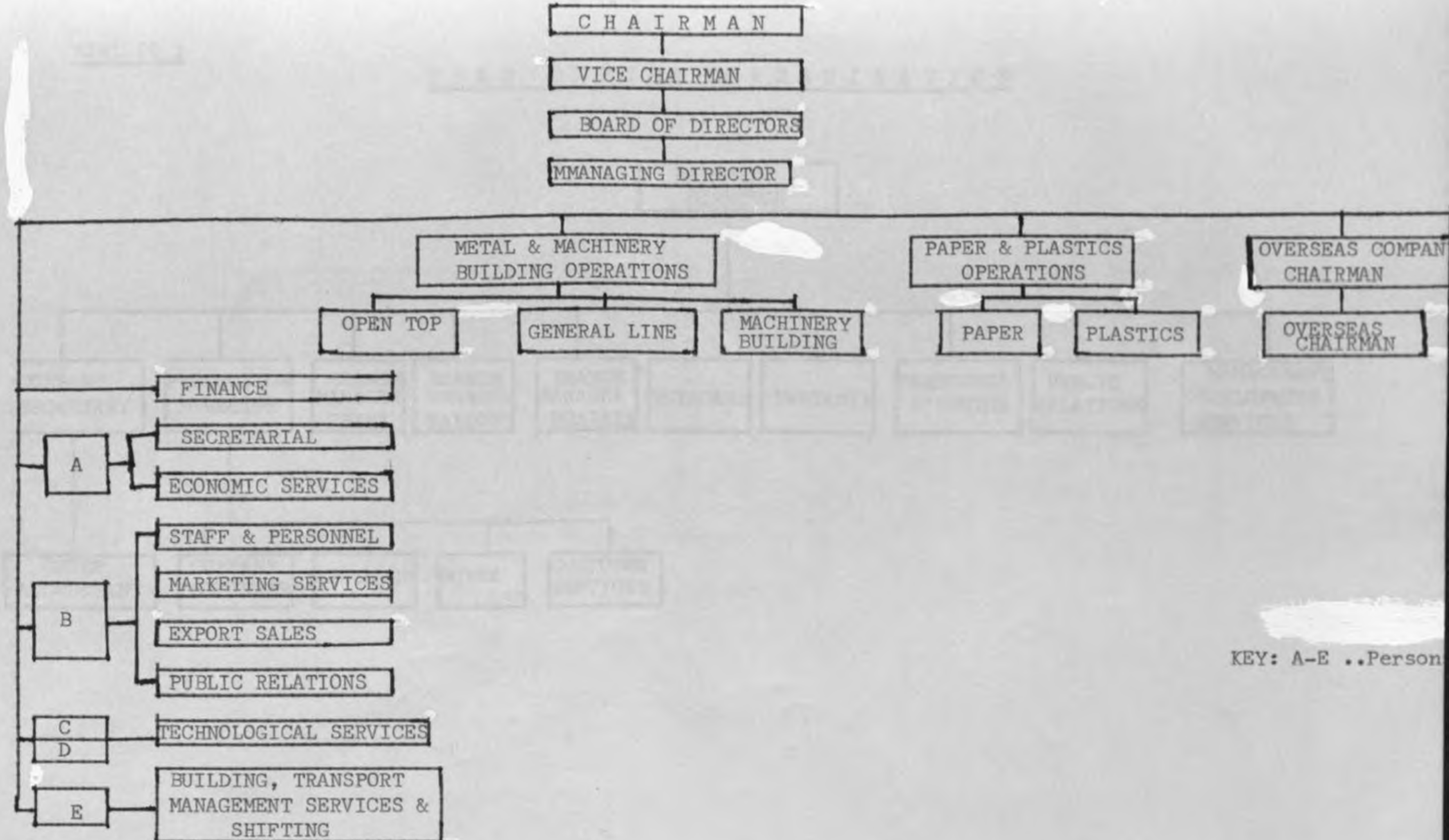
The company has a well-defined authority structure which is reflected in elaborate organisational charts. At the Nairobi Branch, at least 12 major departments can be deciphered. Each of the departments is under an appropriate departmental head.

The following is a comprehensive list of departments and sub-departments: Tool Room and Maintenance; Power Presses; RBU and Meltog B/M; 5-Litre; 20-Litre; Shoe Polish; Cocoa; Extrusion; Slitting; Warehouse; Miscellaneous and Biscuit; and Quality Control Departments. The minor departments are Compound and Carpentry Departments. We may add that there are also well-staffed accounts, personnel and commercial departments within the factory premises.

The company's organisation at managerial level is shown in Exhibits 2 to 4. In exhibit 2, the organisation of top management of the company in the United Kingdom is shown. Exhibit 3 shows the organisation of the head office in Nairobi, while Exhibit 4 illustrates the organisation of the Nairobi Branch of the Kenya company, which is representative of the other branches in the country.

EXHIBIT 2

ORGANISATION OF THE ENGINEERING COMPANY: PARENT COMPANY TOP MANAGEMENT ORGANISATION



KEY: A-E ..Person

EXHIBIT 3

H E A D O F F I C E O R G A N I S A T I O N

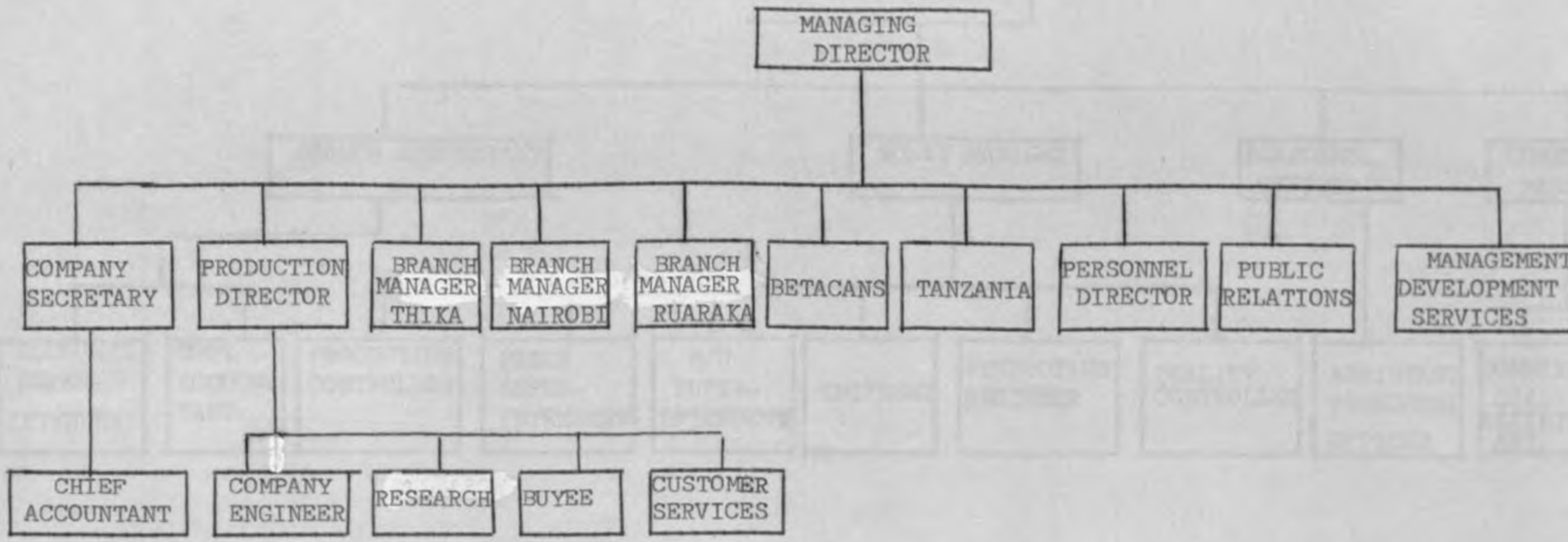
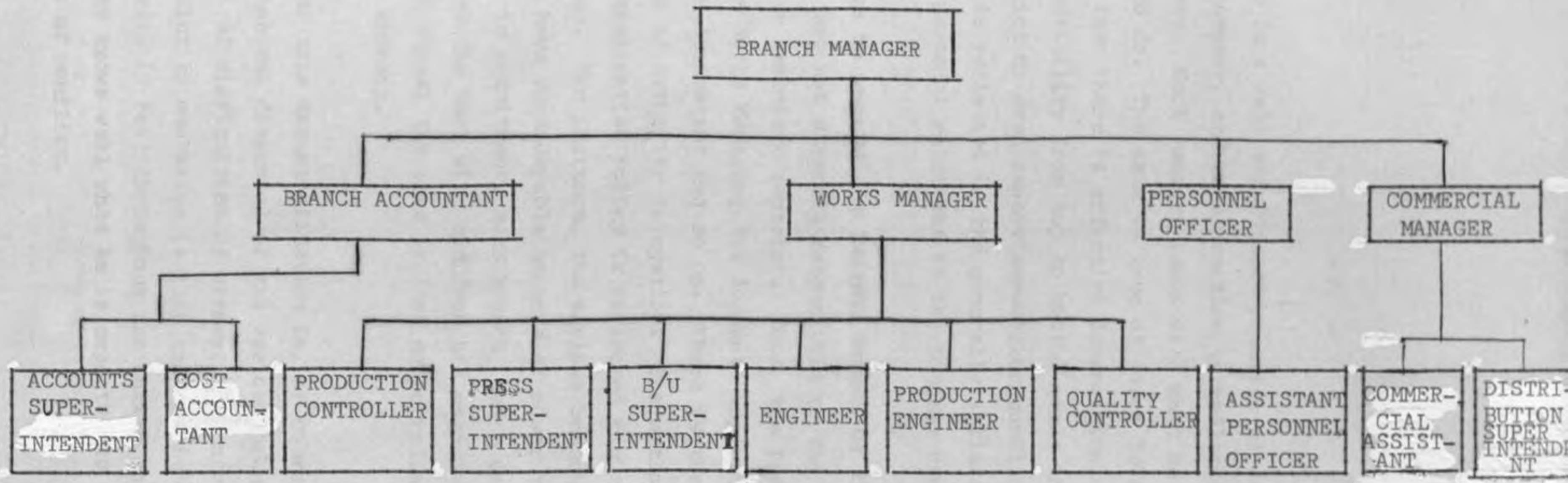


EXHIBIT 4

ORGANISATION CHART FOR NAIROBI BRANCH



There is a well established practice of delegating authority in the company, and this practice is reflected throughout the company. Each manager knows well what he is expected to do or not to do. The same is true of lower level employees. The fact that there is effective demarcation of authority and responsibility from top to bottom means that areas of managerial conflict or even supervisor-worker conflict are greatly reduced. This is reflected in the generally satisfactory industrial and interpersonal relations in the company especially since 1972.

As can be seen at the Nairobi Branch of the company all departmental heads are not directly responsible to the Branch Manager, but have an immediate superior. Thus, the Production Engineer reports to the Works Manager; the Accounts Superintendent reports to the Branch Accountant and so on. There is therefore a considerable amount of authority delegation. The authority delegation and decentralisation policy is reflected right through the entire company. For instance, the various branches of the company in Kenya have considerable amounts of power to run their own affairs. Thus, in recuitment, each branch has a personnel officer who handles the work with aid from his assistants. A look at Exhibit 2 will reveal the more or less decentralised character of the local company.

Part of this decentralisation is, of course, necessitated by the geographical dispersal of the various branches and the attendant practical difficulties of attempting centralisation of authority. The point to emphasise is that the spirit of delegation of authority is felt throughout the entire company and that each manager knows well what he is expected to do; thus minimising areas of conflict.

3. PERSONNEL ADMINISTRATION

The company has had a well organised personnel section since it began its operations in Kenya. At the moment, this section is headed by an African who is responsible for co-ordinating personnel functions for the whole company and not just at the Nairobi Branch. Under the Personnel Manager are a number of "Personnel Officers" who look into personnel matters in the various branches in the country. Apart from co-ordinating the personnel functions of the various branches the Personnel Manager is expected to and does participate in the formulationof company policies, especially those that have something to do with manpower planning and control. He is also required to participate in the selection of senior personnel in the company.

Confining ourselves to the Nairobi Branch of the company, we shall now examine the key personnel functions at the factory.

(a) Recruitment:(i) Lower Personnel

Selection of personnel occupy junior positions in the Company is more or less similar to what takes place in most large companies operating in the country. Any time a vacancy occurs, internal advertisement is effected as the explicit company policy is to give its own employees first priority. Should suitable candidates not be found within the company, advertisement in the local press may take place. This is the procedure for such junior positions as those of accounts clerks, foremen, charge-hands and the like.

When a sufficient number of applications have been received, formal interviews are arranged. An interviewing panel consisting of the Works Manager, heads of the relevant departments and the personnel officer is convened. Almost invariably written tests are arranged for those seeking junior posts which require considerable formal education. English language and Mathematics are included in these tests. These tests are in addition to oral interviews.

After the interviews, the candidates are informed whether or not they have been successful. Thus, the procedure followed by the Company in recruiting junior staff is standardised and is ordinarily followed by other major companies in the country.

The Labour Department is sometimes approached by the Company for the junior personnel. In fact, the normal practice is to visit the department rather than advertise in the local press for many of the junior positions, especially those of general labourers.

The Personnel Manager admitted that there has been considerable political pressure to have certain individuals employed by the Company. However, he declined to reveal identity of any persons who have exerted such pressure or the names of persons who have been recruited as a result of such pressure. Formal government pressure on the Company to increase employment opportunities for Africans has also been considerable. This is reflected by the fact that at the Nairobi Branch, there are only 6 expatriates. In fact, the company as a whole in Kenya has only 18 expatriates indicating that in each of the other branches there may be less than 3 expatriates. For the Junior positions, only Kenyan citizens are employed with an exception of a few Tanzanian apprentices.

Favouritism has probably played some part in the selection of personnel for the junior positions. This was the opinion of one of the representatives of workers interviewed. The company's declared policy is to engage persons with the spirit and letter of the provisions of the I.L.O. Convention adopted in June 1962.

The Convention states that it shall be an aim of policy to abolish all discrimination among workers on grounds of race, colour, sex, belief, tribal association or union affiliation in respect of admission to public or private employment.[69]

But what goes on behind the scenes probably undermines this policy. Flabbergasted by the "increasing scale of favouritism" in the personnel selection, some workers approached the then Personnel Officer and warned him against recruiting on the basis of tribal origin.

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[69] See an extract of the Industrial Relations Charter reproduced in Appendix A.

There was growing discontent among the workers that the proportion of B-tribal group employees in the factory was growing faster than that of other tribal groupings. This may have been true or untrue. However, there was no hard evidence to show that tribal favouritism existed in recruitment.

According to the best estimates of one reliable respondent, at one time in 1974, the ethnic composition of the labour force in the company's Nairobi Branch was roughly as in Table XV.

TABLE XV

TRIBAL COMPOSITION IN THE NAIROBI BRANCH
OF THE ENGINEERING FIRM IN 1974

A	B	C	D	E	F	TOTAL
317	119	57	47	11	9	560

Key: A - F = Tribal Groupings

Assuming that the above figures represent reasonable estimates of the tribal composition in the company, the proportion of the A-tribe people in the factory is the largest. That of the B-tribe people is the second largest. The other tribal groupings are poorly represented. The Personnel Manager belongs to B-tribe and the Personnel Officer of the Nairobi Branch belongs to B-tribe, too. This is one of the reasons why the other tribal groups in the factory have been particularly concerned about the increasing number of B-tribe employees in the Branch even though in fact such increase may only have been introducing better tribal balance in the factory.

According to one of the workers, a young man, who belongs to one of the disadvantaged groups in terms of representation in the company when the Nairobi Branch was opened in 1970, there were only 40 employees of B-tribe out of a total of 319 employees. Since then the total labour force has increased by 60%. But while the number of the other tribal groups combined has increased by 85%, that of the B-tribe employees has increased by 195%. The point that he stressed is that the proportion of B-tribe employees in the Nairobi Branch of the company has been increasing at a faster rate than that of the other tribal groups. This is what antagonised the non B-tribe employees who charged those responsible for recruitment with practising tribal favouritism in recruiting workers.

In recruiting lower level employees, preference is now given to persons who have at least had some secondary school education. Some of the "older" persons in the Company, however, have had only primary school education. For instance, the Chief Shopsteward had only 6 years of formal education. For clerical and secretarial posts, almost invariably an Ordinary Level Certificate is a prerequisite. Of course for some jobs, for instance, those of general labour, education is not necessary.

Recruitment:(ii) Managerial Level

The recruitment process for the senior posts in the Company follows the same general pattern as recruitment for junior posts. Nevertheless, there are some significant differences. Thus, while for many junior positions written tests are a necessary ingredient during the interview, this is not the case for senior positions. In the same manner it is uncommon for internal advertisements to take place within the Company. The practice is to contact the specialists in personnel selection as a preliminary step. Nevertheless, the Company itself places advertisements in the local press. Again, although preference is given to Kenyans, non-Kenyans may be engaged where no suitable Kenya citizen can be found. This cannot take place for the junior posts where it is assumed that there are qualified Kenyans to fill them. In the case of certain senior posts promotions from within the Company have taken place.

The Head Office is the one concerned with the recruitment of managerial personnel. While no tests are conducted for managerial personnel, oral interviews are conducted. An interviewing panel in which the Personnel Manager is always a member is convened when applications have been submitted. Recruitment of senior personnel is not just for Nairobi Branch but it is carried out for all the branches of the company in the country.

Managerial positions are occupied by persons who have either some thorough educational background or have considerable managerial experience or both.[70] Considerable weight is attached to experience. One would only need to look at the Kenya newspapers to see for himself how much importance the various companies operating here attach to experience.

At the time of writing the composition of the senior personnel group in the company's Nairobi Branch is as given in Table XVIII. As can be seen from the table, there are in all 22 persons on managerial status in the Branch. Of these six are expatriates, four are Asians who are Kenya citizens; and 12 are Africans, one of whom is a woman. The management group constitutes about 4% of the total labour force at the factory. The same proportion of members of the management group is maintained in the other branches of the company in Kenya. The expatriate group constitutes, therefore, 27% of the total managerial group.

(b) Training

The company has a vigorous training scheme for all categories of its personnel. Some lower level workers in the supervisory category are from time to time sent to vocational training institutions in the country, for instance, N.I.V.T.C.

For middle and top level management, some training is carried out at the Kenya Institute of Management or the Kenya Institute of Administration. On-the-job training also takes place for the

[70] For instance, the Personnel Manager has had some training in personnel administration in addition to his secondary school education.

various categories of personnel. For instance, at the moment there are two management trainees training on the job. One of these trainees is an Arts graduate from the University of Nairobi, while the other holds a B.Sc. in Engineering from the same University. On completion of their training, the two management trainees will hold management positions in the company.

The company trains apprentices to man the various factories in Kenya and Tanzania. At the moment, there are about 22 apprentices who are training as either technicians or craftsmen. Although the company has facilities for training printing apprentices, at the moment there are no such apprentices. Since March 1974, there have been about 19 apprentices training at the Nairobi factory.

In training the apprentices, the company is acting according to the Industrial Training Act, which act attempts to have the country acquire a sufficient number of qualified technical personnel to man middle and lower positions in the various companies and parastatals.

The Thika Branch of the company has a training centre for the apprentices and workers. Here, there are full-time instructors. The apprentices remain in Thika for two years mainly learning theory in their respective areas of specialisation. They come to the Nairobi factory during their third and fourth years of training. Thus, the basic training of apprentices is at Thika where the apprentices are expected to procure a wider and more general knowledge which prepares them for the more specialised training in the Nairobi factory.

According to the Assistant Factory Engineer, 50% of all the apprentices trained by the company decide to leave it immediately they have qualified. He suggested that they run away because they are frustrated when they do not get promoted quickly. For instance, apprentices expect to become foremen shortly after completing their courses and when this does not happen they decide to go elsewhere. He also suggested that the apprentices, after the first few years feel they are qualified and therefore should earn more money than they do. According to the Industrial Training Act's (Cap.237) Contract of Apprenticeship,

"The Employer will ......

1. employ the apprentice and pay him for so long as he shall observe and faithfully perform the terms and conditions of this contract, wages to be calculated as follows:-

   - For the first year of apprenticeship at the rate of 40% of a craftsman's wage,
   - For the second year of apprenticeship at the rate of 50% of a craftsman's wage,
   - For the third year of apprenticeship at the rate of 60% of a craftsman's wage,
   - For the fourth year of apprenticeship at the rate of 70% of a craftsman's wage
   - For the fifth year of apprenticeship at the rate of 80% of a craftsman's wage ...."

In the context of this company, this means that an apprentice in his first year of training would get, according to current Union-Company Agreement, KSh. 379.60; KSh. 474.50 during his second year of training; KSh. 569.40 in his third year of training and KSh. 664.30 in his fourth year. During the fifth year of training he would get a monthly wage of KSH.759.20. The calculation of the wages an apprentice would get during the various years of training has been based on the current wage of a qualified Artisan Grade I in the company.

Thus, when an apprentice compares his wage with that of a qualified artisan, he feels he is being underpaid especially if he perceives himself as being capable of performing the work done by the artisan as effectively and efficiently as the latter. This could be one of the reasons why apprentices run away before completion of their course, and was certainly the case with one apprentice who left the company in the middle of 1974.

While the company itself sets examinations for the various operatives in its training programmes, those who feel like sitting external examinations for the purpose of improving their positions are not discouraged from doing so.

On the whole, the company spends KSh. 100,000 in its training programmes every year. Most of this money is allocated to the company's training centre situated in Thika.

(c) Promotion

The company's policy on promotion for its various personnel is reasonably clear cut and regular so long as an employee shows the necessary diligence and initiative. Those employees who privately pass relevant examinations have appropriate promotion effected and their remuneration accordingly revised. For a hard working man, there are reasonable and "calculable career prospects" in the company. Our interviews with the various levels of personnel confirmed that, except probably for apprentices, who feel frustrated because they think they are underpaid, the prospects for a hard-worker are quite good.

Obviously the opportunities for increased responsibility jobs are limited in any organisation. In this company, however, financial compensation for a man who has consistently proved his worth avoids a great deal of frustration. As our discussions with the various categories of supervisory and lower personnel revealed, "promotion" is mostly perceived in terms of increased remuneration while increased responsibility is of secondary importance.[71] For the higher level employees, however, this may not be the case. For instance, the Personnel Manager complained that he is tired of being a non-executive manager indicating that even though his remuneration was high enough, he did not have increased responsibility. Thus, promotion seems to mean different things for the top management personnel and the lower level employees.

To illustrate the wage prospects of lower level workers, the following is the record to date of one of the company's employees:-

"Date Employed: 1953
Designation: Locker Operator

Wage Progression Record

YEAR	WAGE PER MONTH
1953	KSH. 31.50
1961	194.00
1962 (early)	203.80
1962 (November)	206.30
1963 (March)	254.50
1963 (April)	279.50
1964 (January)	299.00
1965 (January)	324.00
1966 (March)	343.50
1967 (March)	363.00
1968 (March)	366.90
1969 (September)	405.90
1971 (December)	435.40
1972 (September)	464.40
1973 (September)	487.80
1974 (July)	536.56[71]

[71]Promotion however is not just pay increase. The increase in responsibility justifies increased pay. It is therefore possible for someone to be promoted without receiving more money as a result.

This particular employee has been in the company for about twenty-two years now. From a starting wage of Sh. 31.50 per month, he now gets Sh. 535.56 per month. This particular man had no exposure to formal education. He has not had any meaningful increment of responsibility. Thus, he has had no promotion over the years although he has had wage increments. Some of the increments are due to various union-company agrements while at least in the years between 1953 and 1960, wage increments (which have not been shown in the record) may have been due to management's decision to effect them.

In October 1974 one employee's wage was raised to Sh. 1,056.90 as a result of increased responsibility. This is a case of promotion which resulted in increased remuneration. The Chief Shop-steward himself has had some modest progress within the company. He joined it in 1960 as a machine operator. His wage was Sh. 72 plus Sh. 12 housing allowance per month as he was a minor. Those over twenty-one then received Sh. 90 plus Sh. 24/- housing allowance. In 1961, his wage rose to Sh. 145/- plus a housing allowance of 24/- mainly as a result of an award following an industrial dispute. He continued to receive increments both as a result of union-company agreements and management's decision to do so on account of his hard work. But as yet, there was no increment of responsibility. Between 1970 and 1972, he received some on-the-job training at the Nairobi factory and he became a qualified tool setter. His responsibility was added with and with it remuneration. At the moment, he has a monthly wage of KSh. 608.40. Thus, from a wage of Sh. 72/- in 1960, he enjoys a wage of Sh. 608.40 at the time of writing.

According to the current Unio-Company agreement,

> "Where vacancies of a promotional nature arise, the company agree to give first priority to existing employees, taking into account such considerations as relative ability, experience, qualifications and length of service."[72]

[72] See Appendix C for this and other specific quotations from the Union-Company Agreement in the Engineering Firm.

Thus ability, qualifications and length of service serve as guidelines to management in its decision to promote or not to promote an employee. The actual procedure which ought to be followed is as follows. A supervisor will recommend a particular person to be promoted to the head of the relevant department. The head of the department reviews the record of the employee and then passes on his own feelings to the personnel section, which after a similar review of the record of the employee decides to promote or not to promote him. Normally, there are several candidates for promotion in the junior positions. This is where accusations of favouritism again arise. A Gikuyu supervisor who recommends a Gikuyu candidate for promotion will be accused of favouritism. Our discussion with a number of the employees revealed that such accusations are a living reality in the factory. Whether or not they are justified is a different matter. But as favouritism has been proved to exist in the company in the selection of new recruits into the labour force, there is no reason to believe that favouritism in promotion does not take place. However, there was no available evidence that favouritism based on tribal considerations exists and the opinions of the interviewees has been taken on faith.

The only category of employees who have shown considerable dissatisfaction with the company's promotion channels are the apprentices and we have stated elsewhere that this is largely because they feel they are able to do as good work as those who are qualified in the respective areas. Some apprentices leave their training before it is complete, or leave the company as soon as it is complete if they are not immediately promoted to the positions they feel they deserve. For instance, the Assistant Factory Engineer indicated that a number of apprentices are frustrated because they are not promoted to foremen soon after their training is over.

(d) Labour Turnover and Absenteeism

The quit rate at the Nairobi Branch averaged 0.75% per month during a period of months stretching from December 1973 to August 1974. Projected into an annual turnover, this would come to 9.00%.

A closer analysis of the turnover figures indicated that it is the lower level employees who displayed the highest turnover rate. Turnover among members of management during this and preceding periods has been negligible. In fact, during the period under consideration, only one member of management left the company.

Table XVI shows turnover rates for the months of December 1973 through August, 1974.

T A B L E XVI

LABOUR TURNOVER RATES FOR DECEMBER 1973 THROUGH AUGUST, 1974

Month	Dec. '73	Jan. '74	Feb. '74	March '74	April '74	May '74	June '74	July '74	August '74
TURN-OVER RATE	% 0.53	% 1.07	% 0.53	% 1.60	% 0.53	% 0.53	% 0.53	% 0.90	% 0.53

As there are about 530 employees in the Branch at any one time, the above turnover figures indicate that approximately 47 people would leave the branch in one year.

Labour turnover is one of the indicators of dissatisfaction with a company, and therefore we can tentatively conclude for this factory that as turnover rate is much lower than at the textile firm factory considered earlier, employees are reasonably satisfied. In fact, the monthly or annual turnover rate is much lower than at the textile firm factory considered earlier. One of the major reasons why turnover rate is lower in this firm than in the former is that the wages are fairly high. We shall have occasion to compare the wage structure in both companies in a later chapter.

Absenteeism in this company is also low. It is almost exclusively due to sickness and industrial injuries. Between 1st November 1973 and 31st October 1974, only 117 man-days were lost on the average per month on account of absenteeism. This gives an annual loss of 1,404 man-days. The total planned man-days per month was 14,308. The rate of absenteeism was therefore 0.75%.

(e) Workers' Welfare, Health and Fringe Benefits

The physical environment of the factory premises is good. Lighting and adequate ventilation are provided. Likewise, noise in the factory is kept under reasonable control. All the workers are provided with overalls. On the whole, it is fair to say that the physical working environment in the factory is designed to minimise inconveniencing workers when doing their work.

The low rate of absenteeism may be used as an indicator of the adequacy of the physical working environment as serious industrial injuries are minimised. Incapacitating sicknesses are not common in the factory.

Between 1st August 1973 and 31st July 1974, the total number of sickness cases was 861 per month. As some of the employees had only minor complaints, the total number of man-days lost was 119 on account of sickness. On the other hand, during the same period, an average of 181 cases of injury per month were recorded. Again, as the number of those given off per month was only 1, the man-days lost amounted to 6 days per month. The average number of man-days lost per month on account of sickness and injuries was therefore 125.

The department with the majority of industrial injuries cases at any one time is the Power Press Department where an average of 53 cases was recorded per month during the period 1st August 1973 to 31st July, 1974. The 20-Litre Can Department had the lowest average monthly number of cases of industrial injury, recording only 6 injuries per month. Most of these injuries result from cuts by tinplates, as workers handle the metal during the manufacturing process. The injuries are minimal and do not normally incapacitate the workers.

The company, therefore, has as much as possible fulfilled the requirements of government demanding insurance of industrial safety. Machine injuries of a serious nature are extremely rare, since the machines are very well guarded.

There is a well-maintained dispensary in the factory with a staff of two, a nursing sister and a dresser. Moreover, the company has engaged a fully qualified medical practitioner on a part-time basis.

The Union-Company agreement itself contains certain welfare and worker health clauses. For instance it states that the employees are entitled to free medical treatment which, however, excludes dental, surgical or opthalmic treatment. In addition, the agreement goes on to say,

> "An employee who is unable to carry out his duties by reason of his sickness shall be entitled in any period of twelve months to full pay for a period of forty-five days and half-pay for a further period of forty-five days in any one sick-year; provided that the employee produces a bona fide medical certificate testifying to the need for such absence."

And in the case of women employees, the agreement goes on to stipulate that, "A female employee shall be entitled to have the balance of the sick-leave entitlement granted as maternity leave. The maternity leave shall not exceed the unexpected portion of the sick leave in any one year and shall not exceed the maximum entitlement under this Clause."

The Union-Company agreement also provides for an annual paid leave as follows:-

"Eighteen working days leave excluding Gazetted Public Holidays will be granted on completion of each twelve months' service and this will be taken at the Company's convenience.

Saturdays shall be counted as working days for leave purposes, whether it is normally worked or not.

Annual leave should be taken on the anniversary date of engagement of a worker, subject to the employer's convenience".

The Union-Company agreement also provides that the workers with long service shall be entitled to a gratuity. It read:

"Gratuity

(a) A gratuity for long service employees who are eligible to join the Provident Fund Scheme is to be calculated as follows:-

- After 1 to 5 years service - 1 week's pay for each completed year
- From 5 to 10 years service - $1\frac{1}{2}$ weeks' pay for each completed year.
- After 10 years service - 2 weeks pay for each completed year.

(b) A gratuity for long service employees who joined the Provident Fund but due to age, do not qualify for such benefit and who have served many years with a company will be calculated in accordance with the following rules:-

1. Employees who have already left the the service of the Association shall not be deemed within the scope of this agreement.

2. The only service catered for under this agreement will be the service prior to July 1963 or when the individual company's Provident Fund was introduced.

3. The formula for calculating this payment shall be the same as that introduced by the Conciliation Agreement in respect of employees ineligible to join the Provident Fund (See (a) above).

4. The starting date would be 1st July, 1945.

5. An employee who is entitled to a benefit under the gratuity scheme as above should be entitled to it if he loses his employment for any reason other than on resignation or disciplinary grounds".

In January 1975, ten women workers received their long service awards. Thus the Union-Company agreement has a fairly comprehensive welfare provisions for the workers.

The company itself has introduced such social activities as a football club, a volley-ball club, and a net-ball club. Moreover, there is a canteen in which workers can buy tea at some subsidised price. For the other items sold in the canteen workers have to pay full prices.

4. INDUSTRIAL RELATIONS

According to the Personnel Manager, industrial relations in the company have been good. This is only true, however, after 1972 as the company had a number of strikes by its workers prior to that year. In fact, since 1961, there have been five strikes in all. We shall have occasion to discuss these strikes below. Suffice it to say that the complaints of workers in these strikes had generally been levelled against (a) low wages and terms and conditions of employment, and (b) arrogance of management and supervisory personnel.

We shall below discuss the following topics in some depth: the Union; the Company's salary structure; the management prerogative of disciplining workers; and finally, the dominant management style. As we have indicated in the previous case study, these are the major areas leading to industrial strife.

(a) The Union

The Nairobi Branch of the Company has in all about 490 workers who are members of the Kenya Engineering Workers Union (K.E.W.U). This union was registered on 7th October, 1959. Its membership is open to all locally entered industrial employees in admiralty establishments and all workers employed in general engineering and manufacturing industries other than those employed in motor engineering, electrical and civil engineering as these latter have their own respective unions. Thus, the union has membership from an assortment of related engineering companies' employees.

As a reaction against the apparent workers' strength after they established their own union, the employers in these engineering firms consulted together and agreed to create their own association to counteract the strength of the former. Thus the Engineering and Allied Industries Employers' Association was registered on 7th April, 1960, and by the terms of its constitution, membership was open to persons, firms, companies or organisations (except motor and civil engineering trades and industries) who are employers engaged in the Engineering and allied industries in the country. The Association granted recognition to the Union on 10th June, 1960. The full text of the memorandum of recognition agreement will be reproduced in Appendix D.

Certain employees of the company cannot belong to the Union as they have been expressly prohibited to do so by an agreement between COTU and FKE. Such employees are normally those who are involved in work of a confidential nature or occupy supervisory, and managerial positions. Below is an extract from the current COTU-FKE agreement defining the nature of the work of employees who cannot be union members.

" 'Confidential'

A person who is engaged in work of a confidential nature, e.g. who has access to confidential information which could be of use to a Union, or who is directly training for such a position.

The following list is indicative of the type of job which would be covered by this definition.

Staff dealing with senior management salaries (it should be noted that this does not include staff preparing salaries of unionisable employees).

Staff employed in Personnel Department dealing with and having direct access to personnel matters.

Personal secretaries to senior management.

'Directive and Administrative'

A person who is a member of the Management or Executive Staff, or who is directly training for such a position. Such persons are those involved in formulating and putting into operation the company policy.

'Representation'

A person who represents the company in a specified geographical area or field of activity, or who is directly training for such a position. (It should be noted that this does not include salesmen and demonstrators).

'Supervisory'

A person who supervises the work of others, who is responsible for a section of the activities of the company, who is required by management as part of his duties to make recommendations in connection with hiring, firing, promotion or disciplinary action, and to whom subordinate staff would apply in the first instance for remedy of grievance if, in connection with the foregoing the exercise of such authority requires independent judgment, this therefore excludes from this definition chargehands."

Thus, all 24 or so supervisors in the Branch are not Union members, and are therefore expected to side with management in case of a dispute.

The organisation of the union is similar to that of the other unions operating in the country. At the local (factory level) there is a committee consisting of the Chief Shopsteward, his assistant and six other shopstewards, each representing a production line. Then there is a Branch Secretary who acts as the link between the local union and the General Secretary. The General Secretary is the Chief executive of the Kenya Engineering Workers' Union and he controls the financial resources of the Union. He is also the major actor in collective bargaining between the Union and the Kenya Engineering and Allied Industries Employers' Association.

The procedure for negotiating wages and terms and conditions of employment, or any other issues concerning the workers is that the national union itself discusses directly with the Association. Of course, the originators of the problem to be discussed may be the local union. Once the two bodies have agreed on the issue at hand, their decision becomes binding on the local and branch unions. Thus, the local union or the branch union does not negotiate directly with their employer company; nor does the employer company as such enter into negotiations with the local or branch union. Some unions in the country, however, do not have this centralised negotiating system.

Although the Kenya Engineering Workers' Union suffers from lack of funds like the other unions in Kenya, yet, in terms of securing benefits for its members from the employers, the union has done commendable work. We have already mentioned that the company under consideration has already faced a number of strikes in the past. The success of these strikes and other industrial actions is reflected in the very reasonable wages and terms and conditions of employment of the workers. Thus, while the lowest paid worker in textile industry earns not more than KSh. 200 per month, the lowest paid worker in the employ of the Kenya Engineering and Allied Industries Employers Association earns not less than KSh. 400 per month.

As mentioned above, there have been a number of strikes in the Company. The first one occurred in 1961. The chief complaints of the workers were (a) prevalence of racial discrimination in material and non-material rewards for workers doing the same kind of work, (b) barring of Africans from supervisory and managerial position, and (c) low wages. This strike lasted six days. Only wages were raised.

The second strike took place in 1964. The major complaints again were as for the 1961 strike. The strike lasted one day and this time Africans began to take up supervisory positions. 1967 saw the third strike in the company. What "broke the camel's back" was the obstinacy of a newly appointed Branch Manager to talk to Union officials when the latter sought audience with him. Apparently, the new Branch Manager was an arrogant character who used insolent language to workers and their representatives. Police intervened and the Chief Shopsteward was interned for two hours and then was released. The strike lasted for one day.

The fourth strike occurred in 1969. This was not confined to this particular firm, but took place simultaneously in all branches of the union. Again, the chief demand was wage increment. Police interfered with the workers and prevented them from being addressed by anyone. The Kenya Engineering Workers' Union had written to the employers' association demanding higher wages. But the latter ignored the demand. After the Union had waited for six months, it resorted to strike action. The strike lasted 2 days.

All the above strikes affecting this company took place in its Thika Branch. The 1972 strike, however, took place at the Nairobi factory. The chief causes of the strike were:

(i) demand for removal of an unpopular supervisors
(ii) reluctance of management to listen to workers' grievances, and
(iii) higher wages.

Once again, police interfered with the workers.

Evidently the Union has been quite keen in improving the wages as well as terms and conditions of its members. Its strength is vindicated by the success that it has achieved in bettering material welfare of its members. The leadership of the union, from the local to the national level has been quite vigorous. It is no wonder then that the members of the union at the Nairobi Branch are very proud of it. They feel it protects them from unbridled exploitation by members of the management and the owners of the company.

(b) Salary and Wage Structure

Lower employees in the company on the whole have high remuneration compared with that in many other companies in the country. As of 1st September, 1974, the lowest wage in the company was KSh. 442.65 per 195-hour working month. In the public service which ordinarily sets the wage norm, the lowest paid worker receives only about KSh. 250 per month. Here, however, a small housing allowance is provided thus the total amount exceeding KSh.300 per month.

The lower workers are divided into groups. All workers (other than those involved in clerical work) are classified into eight groups with the classification following numerical order. For instance, Group 1 consists of the highest paid workers within this classification, and included here are artisans Grade 1, whose minimum wage is KSh. 949.65 per month. The clerical workers are classified into five groups, A-E with those persons in Group E earning KSh. 501.15 per month, and those in Group A earning a minimum of KSh. 1056.90 per month.

The following extract from the latest wage agreement shows the wages for the various groups of persons working in the lower echelons of the company, as of 1st September, 1974.

"Wages: w.e.f. 1st September, 1974

Wages (consolidated) may be paid at monthly fortnightly or weekly intervals as agreed, in arrears, at the following rates:-

Group 8	Sh. 2.27	per hour	= Sh. 442.65	per	hour	- 195	hour month
Group 7	" 2.29	" "	= " 446.55	"	"	- 195	"
Group 6	" 2.37	" "	= " 462.15	"	"	- 195	"
Group 5	" 2.53	" "	= " 493.35	"	"	- 195	"
Group 4	" 2.67	" "	= " 520.65	"	"	- 195	"
Group 3	" 3.12	" "	= " 608.40	"	"	- 195	"
Group 2	" 3.84	" "	= " 748.80	"	"	- 195	"
Group 1	" 4.87	" "	= " 949.65	"	"	- 15	"

Clerical

Group E	Sh. 2.57 per hour	=	Sh. 501.15	per 195 hour month	
Group D	" 2.97 " "	=	" 579.15	" "	"
Group C	" 3.67 " "	=	" 715.65	" "	"
Group B	" 4.67 " "	=	" 910.65	" "	"
Geoup A	" 5.42 " "	=	" 1056.90	" "	""

According to this wage agreement, moreover, wages will be increased by an ex gratia payment equivalent to 25 cents per hour to all grades for the months of July and August, 1974. On the whole, therefore, workers in the company enjoy considerable remuneration compared to those employed in government or in most non-engineering companies, for instance textile firms.

The average member of the management and executive categories has a basic salary of KSh. 2,800/- per month. The total salary bill for these top people is KSh. 60,000 per month. The total wage bill for the workers in the Nairobi Branch is approximately KSh. 350,000 per month. The management worker remuneration ratio is therefore approximately 5:1.

In the early 1960's the company used to provide employees with housing allowance. This practice, has, however, been discontinued and workers get a consolidated wage.

(c) Disciplinary Powers of Management

An employee who is guilty of gross misconduct or an offence of some serious nature may be dismissed instantly. In such a case, the Union often tries to find out if the dismissal of a worker who is its member amounts to "victimisation". In cases that do not warrant instant dismissal, a warning system exists. Warning letters which are served to the offender confirm a warning delivered verbally by a Branch Manager, Departmental

Head or other person of similar responsibility.

The Kenya Engineering and Allied Industries Employers' Association has distributed to its members sample warning letters which can be seen in Appendix C.

The sources of the managerial prerogative of disciplining employees are:

(i) the recognition agreement between Kenya Engineering Workers Union, and Kenya Engineering and Allied Industries Employers' Association;

(ii) the inherent right of any employer to terminate the services of an unsatisfactory employee. According to the recognition agreement (see the full text in Appendix D),

"The Association members reserve the absolute right to engage or discharge any worker irrespective of his membership of the Union, but undertake not to victimise any worker on account of his membership of the Union".

The procedure to be followed on disciplinary matters is clearly laid down in the recognition agreement. This procedure may be summarised as follows. Any employee of the company who has been dismissed or upon whom a penalty has been imposed in respect of a disciplinary matter shall have an individual right of appeal to management at the general management level. When appealing, he is entitled to the assistance of any co-employee he may choose. The decision of the general manager shall be final. Should, evidence that the dismissal amounts to victimisation, be adduced, then the case should be referred to the negotiating machinery agreed on between the company and the (Thika Branch) Kenya Engineering Workers' Union. The procedure is reproduced in Appendix D. It suffices here to mention that the aim of the procedures is to facilitate resolution of grievances at as low a level as possible.

Discharge of an employee may be necessitated by a number of factors. In this company, cases ranging from laziness to theft have resulted in dismissal. In case of theft, dismissal has been instant. Bad health may also result in dismissal. A case of a man discharged of laziness deserves some special mention. The dismissal took place in December 1970. After being served with a warning letter that his work was not satisfactory. The man, nonetheless, did not show any improvement when he was under observation. His services were therefore brought to an end.

The fact, however, is that cases warranting dismissal have been very rare in the company. With increasing difficulties in getting paid employment in the country, few workers would now contemplate behaving in a manner that is likely to cause them to lose their jobs which pay reasonably high remuneration. This is, indeed, one of the reasons why the number of persons leaving the company at both managerial and lower levels has been decreasing.

(d) The Dominant Management Style

Although the company cannot be classified as one subscribing to authoritarianism, nevertheless we cannot say that there is any meaningful participation of workers in the major decisions affecting either their life or that of the company as such. The company is privately owned, and except for 10% or so Kenya government participation, the entire decision structure rests in the owners of the company and their managers.

A realistic definition of the management style in the company is that it more or less subscribes to the view that "pay the workers as much as you can and then they will not bother you much any more". As we have indicated,elsewhere in the case, the wages in the company are on the average above the norm prevailing in Kenya. For instance, a maintenance foreman engaged in the company on getting his increment in August 1974 now earns KSh. 2,000 per month. A chargehand whose increment was effected during the same period earns KSh. 1,500 per month. A fitter engaged in September 1974 gets a wage of Ksh. 1,350 per month. A clerk and a secretary engaged in October 1974 respectively earn KSh. 1,100 and KSh. 2,300 per month. Such high rates of pay, of course, do much to alleviate possible ill industrial relations. The company also seems to accept in practice, the view about benefits of good human relations.

The company, in addition, takes pains to select personnel who will not get dissatisfied with it. What at times leads to authoritarian interpersonal relations in a company is lack of good job evaluation, description and fitting of personnel in jobs best suited to their abilities. Thus, in a company where everyone knows what he is required to do, the need for too close supervision which often degenerates to authoritarianism does not arise. In this company, the selection procedure ensures that the right person gets the right job. There is therefore con-considerable self-propellation on the part of the workers. Obviously, the supervisors chargehands and union leaders see to it that workers do not reduce productivity due to slackness. Yet, cases of the supervisors and members of the management group bullying workers are extremely rare at the moment.

There exists a Works Council in the Branch whose existence was approved by the Employers Association in the recognition agreement. Clause 12 of this agreement states:

> "The Association and the Union mutually recognise the desirability of a Works Council in every company, consisting of representative employees of such company and the Union and the Association hereby agrees to co-operate in the setting up of Works Councils...."

The agreement goes on to stipulate and define the functions of the Works Councils.

> "....The function of such Works Councils shall be that of a consultative body to be consulted on such matters as employee services, holiday arrangements, safety measures, social and sports activities, production methods, training and education which are not in normal practice regarded as matters for negotiation between employees and Union".

The Works Council at the factory has usefully been consulted on the above matters. For instance, during the 1974 Christmas and 1975 New Year holidays, there was consultation between management and the Works Council with deliberations centring on the implications of the holidays on the production process.

The Works Council at the Nairobi Branch consists of 12 persons. Each department is represented. There are 9 workers' representatives and only 3 management representatives. The chairman of the Council is always the personnel officer. There are two secretaries one for workers and one for management. None of the members of the council are union members. In the opinion of the personnel officer, workers' representatives dominate discussions in the Works Council. When the meeting is over, the various recommendations made are relayed on to management for action.

Nevertheless, the kinds of decisions that the Works Council recommends are really not very important as they fall short of determination of such aspects as how much money should be paid to workers, where and how investments should be made, etc. - issues which cannot meaningfully be handled in the absence of ownership of the means of production. This is why we cannot talk of the Works Council, as introducing meaningful participation by workers. At best, therefore, it would be fair to say that what prevails in this company is pseudo-industrial participation. Participation of the workers' representatives in collective bargaining does introduce some measure of their determination of wages but this too is fraught with many limitations one of which is the implicit government backing of the employers' policy of keeping wages low.

5. MISCELLANEOUS

(a) Cleavages Among Management Personnel

It is difficult to say conclusively that there is conflict amongst members of management of the type mentioned in the previous case study. There may be latent conflict between expatriate staff and local staff as the latter are denied certain fringe benefits that the former get.

For instance, out of a total number of 5 executives in Nairobi Branch only 1 is not an expatriate. Now the executives earn considerably more than the other members of management. As we have seen, the average salary of an executive in the company is about KSh. 4,000; that of the other members of management averages at KSh. 2,500. The expatriates get such additional benefits as subsidised housing if not free company housing, while the other members of management do not. (Note, however, that the other members of management procure benefits such as car loans, assistance in purchasing houses, free medical treatment, etc.) It is therefore reasonable to feel that racial jealousies may be existing in the company. In fact, one member of the management group complained that he is tired of being a top manager (in fact he is in head office) and yet he is not of executive status.

The other possible area of intra-management conflict is of course "tribalism". One A-tribe prospective manager wondered if the B-tribe Personnel Officer was providing me with all the necessary information. This indicated that he did not trust the Personnel Officer. And where there is mistrust, there is potential conflict. While there was no evidence of overt tribal conflict at managerial level, therefore, the possibility of such conflict cannot be ruled out.

Intra-management conflict resulting from jurisdictional quarrels does not exist. This is because the company has defined clearly what each person ought to do. We have already seen their very well structured organisation chart. Elaboration of functions of the various employees goes right down to the lowest levels, and this does much to cut down chances of jurisdictional conflict.

On the whole, therefore, it is fair to say that there is little intra-management conflicts in the company. Payment is according to merit, not race, and this does much to alleviate potential intra-management conflict.

Since 1967, there has been a drastic reduction of expatriate personnel in the company. In that year, there were 46 expatriates working in the various branches of the company. Today, there are only 18 expatriates with the Nairobi Branch having six of these expatriates, thus leaving the other three branches to share 12 expatriates among them.

(b) Public Relations

Like almost all the other large companies in the country, considerable pressure is put on this company to aid certain projects or contribute to charitable causes. At the individual level of members of management, there may be pressure, say, to find friends and relatives positions in the company. Such pressures are inevitable.

The company has received donation requests from time to time. And out of its own accord it has been aiding certain institutions financially. The emergence of "colleges of technology" has made its impact felt on the company's purse. Moreover, individual members of the company have been (from time to time) requested to contribute, say, to Red Cross.

The Kiambu Institute of Technology received 1,000/- from the company. Several other institutes of technology have received a similar sum of money. We may give an example of a recent formal donation request. It came from a co-ordinator of a proposed trade training project in Kitui. The letter read:

" 9th January, 1975

The Public Relations Officer
X Company Ltd.
Box 9xyz
NAIROBI

Dear Sir,

I enclose a circular informing you of one of our plans for a trade training centre at Kitui township. I hope that you will be able to help us with this project which we consider to be of top priority for young people of Kitui.

Our Father ... who has been appointed Manager/Instructor of this project will call on you between the 20th and 24th of this month to discuss the matter with you.

Yours sincerely, "

This and many other letters of its kind have been sent to the Personnel Manager who has been handling the public relations function, from time to time. Often, the company does it best to co-operate.

We have already in an earlier section indicated that the number of employees of B-tribe origin who have recently been engaged at the Nairobi Branch has been fairly large. As we have seen, the rate of increase of B-tribe employees in the Branch since 1970 is 195%, while that if tge ither tribal groups combined has been only 85%. This would only suggest that ethnic considerations have played some considerable part in recent recruitments at the lower levels in the Nairobi Branch, thus proving that there is "pressure" on the recruiting personnel belonging to their tribe.

The company for the last five years has been providing bursaries to poor students at Alliance High School amounting to KSh. 3,000 every year.

To summarise, the company has had considerable pressure to participate in the process of development in the country. Not only is it expected to provide employment opportunities for Kenyans - witness the reduction of expatriates from 46 in 1967 to 18 at the moment - but also it is expected to contribute generously to the various needy projects in the country.

C H A P T E R IV

THE TWO FIRMS COMPARED AND CONTRASTED

1. ORGANISATION AND AUTHORITY STRUCTURE

In this chapter, an attempt to compare and contrast the various labour policy areas in the two companies will be made. We have already discussed the two companies thoroughly and what we need to do now is simply to highlight the main similarities and dissimilarities.

One major difference between the two companies is that while the engineering firm is a multinational company, the textile firm has operations in Kenya only. Both companies, however, began operation in Kenya at about the same time. Another major difference is that while the Kenya Government has some minority share in the ownership of the assets of the engineering firm, the textile firm is a family business and ownership is vested exclusively in private hands. As we have seen, all the eight directors are British Asians. In the engineering firm, however, two of the six directors are East Africans - one a Kenyan, and one a Tanzanian but they are non-executives.

The technologies used in the two firms differ. That of the engineering company is capital-intensive although in the Nairobi factory of the company, the technology used is less capital-intensive than that to be found in other factories. The engineering firm employs 1,500 persons in its four branches. Nairobi Branch has 530 employees, leaving the other branches with an average of 320 employees each. The company as a whole, however, employs capital-intensive technology.

This contrasts sharply with the textile firm where under one roof 1,200 workers toil on a three-shift system. The technology used is fairly labour-intensive. Both companies operate on a three-shift system.

The organisation of the two companies also differs. In the textile firm, there are no clear cut spheres of responsibility as between the various managers. Thus, there is considerable overlap of powers. Some of the managers and their assistants interviewed felt that their responsibilities were not clearly defined. They felt that their jobs did not even match with their professional training. This had led to actual resignations from the company. This lack of well-defined areas of responsibility has led to the usurping of the powers of the middle and even senior management by the General Manager. In fact, one manager complained that there is little delegation of authority in the company, thus resulting in a highly centralised organisation.

The organisation of the engineering company, however, has some clearly defined responsibility areas. For instance, each manager knows precisely what is expected of him. So too, each supervisor and even worker knows what is expected of him. Delegation of authority has taken place fairly well. At all levels, clear job definition has dome nuch to reduce chances of authority overlap. In the textile firm there is little job definition at managerial level. Thus, powers of the Personnel Manager have at times been usurped by the General Manager. At the lower levels the workers nonetheless know what they are required to do in both firms.

It is fair to say that even though the organisation in both companies reflects a centralised authority structure, that in the textile firm is more amenable to "one-man" rule than that in the engineering firm. This is because in the textile firm, there is a hazy definition of powers of the various top and middle level managers.

Further comparisons and contrasts will be made in the pages that follow. Suffice it to say here that the two companies use different technologies and have differing organisation structures. The organisation charts for the two companies can be seen in Exhibits 1 - 4.

2. PERSONNEL ADMINISTRATION

In this section comparisons and contrasts of the various aspects of personnel administration highlighted in the previous two chapters will be made. This will, of course, entail some repetition of what has already been discussed but this is the price we will have to pay for any meaningful comparisons and contrasts. The order followed in the last two chapters will be followed in this chapter. Thus, we shall consider the recruitment process itself, training, promotion, labour turnover and absenteeism in that order. The workers' welfare and health will be considered under the heading of labour turnover and absenteeism.

(a) Recruitment: Lower and Managerial Personnel

On the whole, the recruitment process for the lower level personnel in the two firms follows the same pattern. Thus, when a vacancy occurs, the personnel section advertises it within the company before considering the external labour market. When the necessary applications have been sorted out, interviews are arranged, and subsequently the candidates are informed whether or not they have been successful.

The above, is, of course, the formal procedure followed by companies and other employers, not only in Kenya but also elsewhere in the world. But while probably in the developed world this formal recruitment procedure is to some extent respected and not subjected to excessive irrelevant considerations, this is hardly the case in Kenya and probably in the other less developed economies. Here, tribal considerations, nepotism and other inappropriate practices are rife. As Hunt argues with respect to nepotism,

> "In .... a pattern of extended family relationships, the idea that nepotism should be considered a crime is almost impossible to get across. Any decent moral man takes care of his obligation to his relatives before his obligation to the rest of society. It is taken for granted that the politician will use the appointive power to take care, first of his own relatives and then of the members of whatever network of families constitute his major supporters. The University president will fill the ranks of the teaching staff with his needy cousins and even the corporate business is apt to be a network of kinship of relatives".[73]

Nepotism and other corrupt practices in Kenya, have aptly been criticised in the local press. According to one local newspaper,

> "Corrupt practices in public offices are wrecking our society and the basis of a stable system of Government".[74]

The same is, of course, very true of offices in the private sector, where as one shopsteward admitted,

> "We all know that merit in recruitment rarely counts in this country. You just walk around the various factories here in Nairobi and where the Personnel Manager is a Mkamba, the proportion of Akamba in the factory will be large; where the Personnel Manager is a Luo, then Luo people will dominate. It is even worse with Gikuyu. Moreover relatives and friends are given preference. Interviews are just a formality."

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[73] Hunt, C.L., "Social Aspects of Economic Development," (McGraw-Hill: 1966) p. 13

[74] Daily Nation, 27th January, 1975

In both the companies that were considered there was weighty evidence to show that the proportions of certain tribal groups among the labour force were larger than those of others. In the engineering firm, the workers themselves charged the personnel section with practising tribal favouritism and other improper behaviour in selecting the lower level personnel. It is likely therefore that considerations of tribal origin have played part in the selection of lower level employees in the company.

The same story could be true of the textile firm, where the proportion of A-tribe employees is quite high. This could, partly be explained by the fact that the firm is in the Central Region but as one respondent commented, we cannot altogether rule out the possibility of tribal considerations in lower level recruitment in the firm. As the respondent argued, at one time when there was a B-tribe personnel boss the proportion of B-tribe workers was higher than at present when there is an A-tribe Personnel Manager. If tribal favouritism has not played part in personnel selection during the term of office of the A-tribe Personnel Manager, other forms of favouritism may have taken place.

Recruitment at higher levels follows the same pattern in both firms. Reliance is mainly on the external labour market. Nevertheless, occasionally, a particular vacancy may be filled by a person already within the firm if he has the necessary qualifications. Hunt argues with respect to Government positions that,

> "Employment ... may be restricted to personnel who have passed civil service examinations, but even in this instance, a surprising number of people in the office are apt to be linked together by some type of kinship bonds." [75]

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[75] Hunt, Op. Cit. p. 10

The same is true of private sector where a "big" relative in one company may try to secure a managerial position for a relative in another company. Often, political pressure may play some part. Thus, for example, the Personnel Manager of Company A may have secured his position as a result of pressure on the Company by an influential politician. He, the Personnel Manager, may then try to secure a junior management position for a relative in Company B using his political connections to ensure compliance with his will.

Both companies admitted having experienced such pressure not only for management positions, but also for the lower and less important positions. In such a case, qualifications do not matter much. The present Personnel Manager in the textile firm admitted that his appointment was political, as he replaced a B-tribe Personnel Manager who was charged with nepotism and tribal favouritism in personnel selection. On the other hand, the Personnel Manager in the engineering firm has taken his present position through promotion.

The proportion of alien personnel at managerial level in the textile firm is much higher than that of the engineering firm. Thus, the engineering firm seems to have complied with the Government demand for Kenyanisation much more readily than the textile firm. Thus, while non-citizens in the textile firm's top management group constitute three-quarters of the total top management group, in the engineering company the proportion is about two-seventh.

The conclusion to be drawn from the above analysis is that the recruitment procedures laid down or professed by the two companies are not in practice given much weight. This could be the case in other companies in the country. The headline in the newspaper mentioned above that "Kenya is being ruined by corruption" had long been overdue especially with respect to recruitment in public service and in the private sector.

(b) Training and Promotion

Both companies have engaged in the process of training personnel within and without the company premises. But while the training programme of the engineering firm is well-organised and implemented, that of the textile firm is erratic, a fact which has antagonised the government personnel concerned with industrial training. For instance, we have in Chapter II mentioned that one apprentice engaged by the company was required to take a course in a vocational training centre in Nairobi but the company refused to take him to the centre arguing that he had to take an on-the-job training within the company's factory premises. The engineering firm has had no complaints from government regarding its training programmes. In fact, for technical and craft apprentices, the company has a fully staffed training centre. The textile firm does not have such a centre. However, the firm has been sending some of its more promising employees abroad for relevant industrial training.

The engineering firm has for a long time been involved in a programme of management development. In fact, at its head office it has a person concerned with management development. Currently, there are two young men undergoing training as managers in the Nairobi Branch. The textile firm, however, has not had any management training programmes, its training efforts being restricted to lower-level employees.

An interesting feature in the textile firm is that almost all lower level employees in the factory are referred to as "trainees". This would support the finding that there is a very high labour turnover rate at the company since few workers remain long enough to become fully qualified in their respective fields. This is not the case in the engineering firm, where only apprentices are referred to as "trainees" on the shopfloor.[76] One reason why the textile firm designates most of its lower employees as "trainees" could be that as the "trainees" secure lower wages than fully qualified personnel, the wage-bill would be smaller than would otherwise be the case. The very high rate of failures in the company set and marked examinations only raised further suspicion that the company wishes to avoid paying higher wages.

It is on the whole fair to say that while the textile firm undertakes a rather erratic on-the-job training programme, the engineering firm has a well organised and implemented training programme for all levels of its productive employees. One reason why the training programme in the textile firm is inadequate, could be that the owners of the company wish to minimise training costs so as to ensure better profit margins.

Promotion in both companies is supposed to depend on relative ability, experience, qualifications, and length of service. Indeed, a number of promotions have taken these variables into consideration in both companies and we have elsewhere discussed in detail specific instances. In fact, the union-company agreement in the engineering firm does recognise in principle that vacancies of a promotional nature should be filled by the existing company employees.

However, in both companies, promotions of the lower level employees may have depended on other consideration as well. In the textile firm, one respondent complained that in his department, where there is a B-tribe supervisor, only B-tribe workers get promoted since the supervisor recommends them for promotion. There were similar accusations in the engineering firm. Although no specific examples of persons promoted unfairly were given by the respondents, there is no reason to believe that promotion based upon tribal favouritism and other undue considerations does not

[76]In both companies, the apprentices were a dissatisfied lot.

take place. In fact, it would be naive to think otherwise in a country where these practices are rife.

Hunt correctly asserts with respect to nepotism that there is no country in which family considerations have been completely excluded from other activities. In his own words, even

> "American business analysts complain about the inefficient control of corporations which occur when wealthy stockholders place their sons in management positions ...."[77]

Milovan Djillas argues that in the socialist countries, nepotism has resulted in the formation of a hereditary elite.[78] This indeed seems to be the trend in Kenya where a number of cases are known whereby a son of a wealthy man occupying a top-management position in a foreign company or in Government has managed to reach top management position in another company without any apparent merit other than family origin. Nepotism and tribal considerations are therefore very real problems in Kenya's industrial and commercial scene. To a large extent, they are a function of the poverty in the country.

The consequences of appointing or promoting persons on grounds other than merit may at the moment be difficult to assess. This is partly due to the practice of engaging "foreign experts" in the various companies who to some extent cover and mask the incompetence of the African top executives appointed on grounds other than merit. In one major finance company in the country which has an African chief executive, for instance, there are 22 Europeans below him holding various managerial and advisory positions.

At the textile firm under consideration, one Asian head of department is accused by his subordinates of not having the necessary technical skills to carry out his work. His promotion, according to the respondents, was on the basis of race. Under him, however, are quite competent African personnel. This is, of course, the

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[77] Hunt, Op. Cit., p. 14.

[78] Djillas, M. "The New Class. An Analysis of the Communist System", (New York) Frederick A. Praeger, 1957.

reverse of the process described in the paragraph immediately above, but nevertheless it illustrates the point that an incompetent head can be maintained in office by virtue of the skills of others.

Promotion in both firms therefore does not solely depend on merit. Irrelevant considerations count in the determination of who to promote. Hard evidence of this was of course difficult to come by, but trends elsewhere in the country leave no doubt as to the true internal dynamics of the various employer institutions as far as promotion is concerned.

(c) Labour Turnover and Absenteeism

Labour turnover is one of the indicators of discontent with employment. A firm with a labour turnover of more than 20% in a year will lead one to feel that there is something wrong in the firm, at least in the context of a less developed economy where unemployment problems are almost insurmountable. If things were such that it would be easy to secure better employment elsewhere, then ceteris paribus it would be unrealistic to say that it is because there is something wrong in the company that there is a high turnover rate. But this is not the case in Kenya at the moment especially as far as lower level employees are concerned.

The two companies have differing rates of labour turnover. While the engineering firm has only about 0.75% turnover rate or less per month the textile firm has about 2% turnover rate per month on the average. Computed on an annual basis, the textile firm has a labour turnover rate of nearly 24% while the engineering firm has a turnover rate of about 9%.

Amsden notes that the Federation of Kenya Employers unofficial surveys indicate that the turnover rate in the large foreign companies is now less than 1% per month for African manual workers and slightly higher for technical and managerial staff.[79] She goes on to argue,

> "The FKE suggests that middle income employees have a higher rate than unskilled operatives because their services are at a premium and they change jobs frequently in search of the best paying employer." [80]

The Personnel Manager in the engineering firm, however, indicated that in fact except for technical/professional staff, for instance engineers and accountants, the quit rate for even the managerial categories in most companies has been going down. In his firm, since he joined it in 1967, only two persons of management level have left the company. This excludes the expatriates who leave the company when their period of contract expires.

The textile firm tells a different story as far as labour turnover for the lower employees is concerned. Here, the quit rate is approximately 24% per annum or 2% per month. We cannot explain this very high rate of turnover by pointing to better employment opportunities elsewhere as unemployment is extremely high in Kenya. We can, however, explain it partly by the fact that there is an extremely high rate of dismissals in the company. For instance, between the months of December 1973 and August 1974, on the average at least one person was dismissed every two days. Monthly turnover due to dismissals alone therefore was in the region of 1.4% thus leaving only 0.6% as turnover due to other causes. Dismissals are effected as a result of unsatisfactory work or conduct and committal of an offence warranting instant discharge. The very high rate of dismissal, however, does seem to suggest that management at the textile firm have unbridled power of dismissal. An alternative explanation would be that the firm selects its employees poorly and therefore they are unable to do their work well, thus necessitating dismissal without

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79 Amsden, Op. Cit., pp. 20-21
80 Amsden, ibid, p. 28

infringing the provisions of the agreement between the union and the company.

The quit rate for management personnel is even higher than that for lower level employees in the textile firm. Between December 1973 and August 1974 at least 3 persons had left the company. All of them were Africans. Indeed, two other Africans in the management category were planning to leave the company as soon as they got opportunities elsewhere.[81] Several factors could have led to this high quit rate. First, as one respondent pointed out, racial discrimination in the distribution of company's benefits does much to cause discontent to African managerial staff. Thus, when the African managers in the company can see their Asian counterparts enjoying free company housing and other free benefits which benefits they are overtly denied, the tendency to quit the company increases. Often, however, better terms elsewhere cause this high rate of managerial turnover.[82] Secondly, the prospects of advancement in the company appear meagre, since the company is a family enterprise and the highest positions seem to be reserved for family members and other Asians. Thus, for instance, the company's eight directors belong to the same family.

The textile firm therefore contrasts quite sharply with the engineering firm as far as labour turnover is concerned. In the engineering firm, turnover is very low among the management echelons, while in the textile firm, the direct opposite is true. On the whole, labour turnover is twice as high in the textile firm as it is in the engineering company.

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[81]They have already left the company.

[82]In the engineering firm for instance managerial personnel are entitled to car loans and financial aid in purchasing houses.

Absenteeism is also higher in the textile firm than in the engineering firm. Absenteeism in both companies is largely due to sickness of workers, which includes industrial injuries. In the textile firm, however, some absenteeism is due to dissatisfaction with the company, although the excuse of "sickness" is given. A number of dismissals are effected as a result of the victims being unable to substantiate their claim that they were sick, thus being unable to do their scheduled work.

Between February and September 1974, the textile firm lost an average of 703 man-days per month. Thus an absenteeism rate of nearly 2% was recorded per month. As this has been the trend of the rate of absenteeism in the company in the past, it may well be assumed that other things being equal, the same trend may continue in the future. This very high rate of absenteeism contrasts greatly with that in the engineering company. Here, also, the major course of absenteeism is sickness and industrial injuries. Between 1st November 1973 and 31st October 1974, in all, only 117 man-days were lost on account of absenteeism giving a monthly rate of absenteeism of 0.75%. In the past, the rate of absenteeism for any one month has rarely exceeded 1%. Again it is clear that the rate of absenteeism in the engineering firm is about half that of the textile firm.

Just like labour turnover, absenteeism indicates the real situation within a company. The physical working environment may be conducive to industrial sickness. So too, poor social environment may result in a high rate of absenteeism. As we have already noted, the textile firm has a very high rate of absenteeism, which is evidence that the rate of incapacitating sickness (including industrial injuries) is quite high. This is not the case in the engineering firm, where physical working environment is quite good. As has been seen in Chapter II, the physical working environment in the textile firm has been deplorable. This could explain in part the high rate of incapacitating sickness recorded. It is significant that the highest rates of sickness correspond with departments whose physical environments were worst. Both companies, however, have dispensaries, and they provide free medical treatment to all employees. But, while in the textile firm there is only one dresser in the dispensary, in the engineering firm there are two attendants, one a fully qualified nursing sister and the other a qualified dresser. Both companies avail themselves of the services of part-time medical practitioners.

Social activities are given some managerial support in both companies. The engineering firm has a registered foot-ball club and unregistered net-ball and volley-ball clubs. The textile firm, however, has only one club - a foot-ball club, which is quite strong as vindicated by the large number of trophies that are displayed in the general office. The management in both companies encourage those workers interested in participating in these clubs to do so.

While there is a canteen in the engineering firm to cater for workers' food, drink and other requirements, this is not so in the textile firm. However, plans are under way in the textile firm to institute provision of tea to the lower employees.

On the whole the engineering firm provides better safety, health and welfare services than the textile firms. Both companies provide their lower level personnel with certain fringe benefits for instance retirement benefits. The engineering firm, however, provides more fringe benefits to its managerial staff than the textile firm. For instance, it provides car loans and assists managerial employees to purchase houses which is not the case with the textile firm.

3. INDUSTRIAL RELATIONS

The industrial relations in the engineering company have been cordial at least since 1972. This is partly due to the very reasonable wage structure in the company and as we shall show below, the wage structure in the engineering firm is much better than that found in the textile firm. Between 1961 and 1972, however, the company faced not less than five strikes, each of which expressly or implicitly had wage-increment as a demand. There has, however, not been a strike since 1972.

On the other hand, the textile firm has had only one strike in its history and this took place in 1962. Yet, the wages in the textile firm have been very poor when compared with those of the engineering firm. Moreover, the relations between management and workers in the textile firm are fairly ill. One would therefore wonder why workers in the textile firm have been that quiet and have not resorted to strike action for such a long time. As we have argued earlier, one explanation that the workers in the textile company have not expressed their discontent with industrial action is that their union is a weak one. They being unable to effect any changes, therefore, opt to leave the company or act in a manner that will cause management to discharge them. Hence the high labour turnover rate.

(a) The Two Unions: Compared and Contrasted

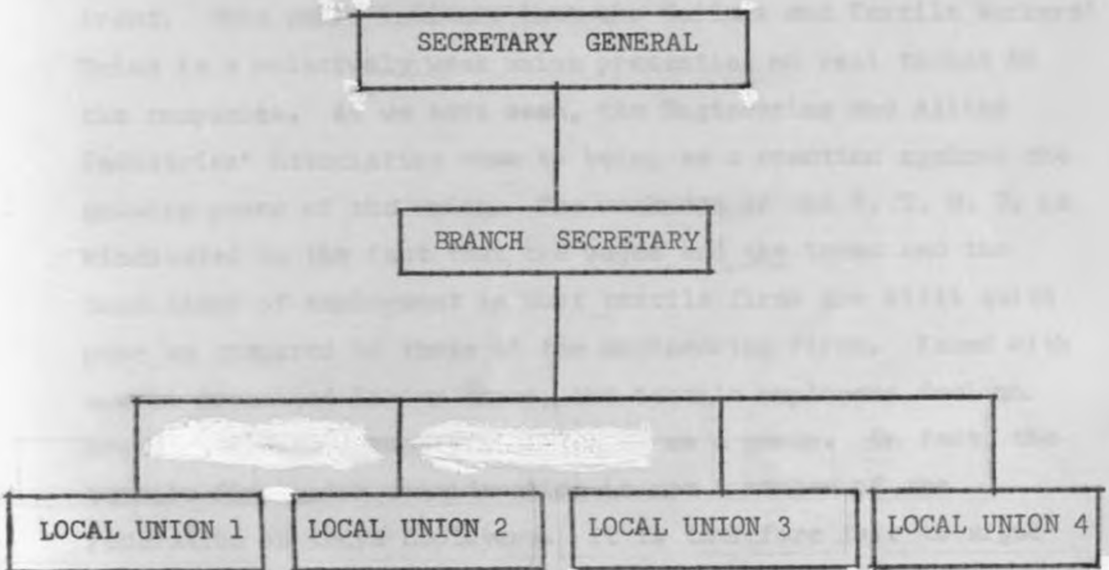
The workers in the textile firm belong to the nation-wide Tailors and Textile Workers' Union, while those in the engineering firm belong to the Kenya Engineering Workers' Union. Both unions have their headquarters in Nairobi where the respective secretaries- general stay. Membership of the union at the textile firm is open to all workers, including supervisors, which is not the case at the engineering firm where supervisors are expressly excluded.

In both Unions, the secretaries general control the funds of the union and have considerable power monopoly. This is, of course, true of the other unions in the country.

Exhibit 5 is representative of the two unions under consideration.

EXHIBIT 5

UNION-HIERARCHY



Both unions are affiliated to COTU although they regard the organisation as a weak body that does little or nothing for them.

The collective bargaining process of the two unions and the employers differ. In the engineering firm the procedure is that the Kenya Engineering and Allied Industries Employers' Association negotiates with the national union of Kenya Engineering Workers' Union. Thus, the employers combine into a group to negotiate wages or terms and conditions of employment with the national union. The preferred mode of handling union matters is therefore discussion at the highest levels between the national union and the employers' association.

Unlike in the engineering firm, the procedure in the textile firm is that the employer bargains on an individual firm basis with the local union. This is true of all textile firms in Kenya.

Thus, the textile employers have not yet felt the need for counteracting the union by organising themselves into a united front. This could indicate that the Tailors and Textile Workers' Union is a relatively weak union presenting no real threat to the companies. As we have seen, the Engineering and Allied Industries' Association came to being as a reaction against the growing power of the union. The weakness of the T. T. W. U. is vindicated by the fact that the wages and the terms and the conditions of employment in most textile firms are still quite poor as compared to those of the engineering firms. Faced with a weak organised labour force, the textile employers feel no urgent need to strengthen themselves as a group. In fact, the textile firm under consideration is not a member of the Federation of Kenya Employers. It is therefore fair to argue that the Kenya Engineering Workers' Union is stronger than the Tailors and Textile Workers' Union. Of course, due to the economic and political structure of Kenya we cannot talk of any strong organised labour group in the country. Yet some unions are weaker than others, at least judged by the results of their activities.

Thus, although organisationally the two unions are similar, there are significant differences between them as far as effective counteracting of management or employers' power is concerned. While the engineering firm terms and conditions of employment are rarely discussed since they were consolidated in 1971, in the textile firm wages, terms and conditions of service are negotiated whenever time comes for a new agreement.

In fact, in the engineering firm, only wages have been negotiated since 1971. As we have seen the terms and conditions of work in the engineering firm are better than those prevailing in the textile firms, and therefore, only wages present a problem to the workers.

In the textile firm under consideration, there has only been one strike and this took place in 1962 when there was a wave of strikes in Kenya. The engineering firm has since 1961 faced five strikes. This could be one of the reasons why wages and terms and conditions of employment in this firm are better than those in the textile company.

(b) Salary and Wage Structure

We have already discussed the wage structures in each of the two companies in some detail. Nevertheless, certain aspects of the wage structures in the two companies need to be discussed further.

To start with at the managerial level, the salaries of the managerial personnel in the two companies are more or less similar. However, as we have seen, in the textile firm racial discrimination in managerial remuneration is probably practised. Thus, one European who joined the company recently is known to have a salary of not less than KSh. 6,000 per month plus other benefits such as a company car and a free company furnished house. His African counterpart earns KSh. 3,334 per month and has few other benefits. In fact, he (the African engineer) asked for a loan from the company to purchase a car but was informed that company policy does not allow loans for cars. All Asian personnel in the company are housed by the company, but not a single African manager is provided with housing. Benefits therefore seem to run with race.

In the engineering firm, there does not exist salary discrimination as such. The expatriate personnel get a few additional benefits but that is all. Payment is strictly according to position held. All the expatriate personnel and one African are provided with subsidised housing. These are the executive personnel. All the remaining managerial staff are not provided with either housing or a house allowance. The company, however, has a policy of helping all its managerial personnel to purchase houses and cars. Thus, while in the textile firm persons holding similar managerial positions but being of different races get different rates of pay and other benefits, in the engineering firm, the policy and practice is that irrespective of race, equal positions will receive equal rewards.

The lowest paid worker in the textile firm gets KSh. 205 as of 1st July, 1974. In the engineering firm, the lowest paid worker now gets KSh. 442.65 per month. Thus the engineering firm pays twice as much to the lowest paid workers as the textile firm.

The highest paid artisan in the textile firm receives KSh. 420 per month according to the current union-company agreement. His counterpart in the engineering firm gets a wage of KSh. 949.50 per month. Thus, the engineering firm artisan gets twice as much as his counterpart in the textile firm. While the best paid senior clerk gets KSh. 420 per month in the textile firm, his counterpart in the engineering firm gets KSh. 1,056.90, or just about 2½ times as much. It is therefore clear that the wage structure in the textile firm is much poorer than that in the engineering firm. In fact, it appears that most textile firms in the country pay low wages. In another Asian owned textile firm operating in Thika, the wage structure was not very different from that of the firm under consideration. The wage structures of the two textile firms will be shown in Appendix B.

The management-worker remuneration ratio in the textile firm is 10:1, in the engineering firm it is 5:1. We have already seen that certain individuals doing clerical work in the engineering firm get as much as 1,000. In the textile firm, the best a senior clerk can expect is KSh. 500. In both firms, the average salary of the managerial group is in the region of KSh. 2,800. In such cases, the average member of management in the engineering firm gets only about three times as much as a highly paid clerk. In the textile firm he gets nearly 6 times as much as the highest paid clerk.[83]

The textile firm does provide a housing allowance of between KSh. 35 - 40 per month for male workers and KSh. 23 - 26 for female workers. The engineering firm does not provide housing allowance. Yet the basic truth that workers in the engineering firm receive twice as much money as workers in the textile firm remains. An interesting point to notice is that women employees in the textile firm are discriminated against in the provision of housing allowance. Whatever the reasons the company has for this discrimination one cannot help suspecting that it is a way of lowering the total wage bill. The other Asian owned textile firm mentioned above in fact pays women workers 87½% of the wage of a man doing the same job, again lowering the total wage-bill.

A comparison of the progression of wages in the two companies seems apposite at this juncture. One man in the textile firm joined the company in 1961 as a machine operator. His starting wage was KSh. 87 per month. At the moment, he earns KSh. 330 per month, even though he holds a supervisory position. In the engineering firm a man who joined the company in 1961 with a starting wage of KSh. 90 per month, now earns KSh. 608.40 per month. He joined the company as a machine operator and while the wage of the worker in the engineering firm has risen by 576% since 1961, that of the man in the textile firm has risen by 394%. The wage prospects for workers in the engineering firm have therefore been better than those for workers in the textile firm. The strength of the union in the engineering firm may have contributed

[83] As indicated in Chapter I, the remuneration structure in the country is such that the members of management receive disproportionately higher remuneration than the workers.

significantly to this tremendous rise in wages. On the other hand, the weakness of the union in the textile firm may have resulted in relatively few benefits for the textile workers.

(d) Disciplinary Powers of Management

In both companies the workers' discipline is maintained by the respective personnel sections. The disciplinary measures taken are a result of the inherent managerial power to discipline workers and the union-company agreement. Both the textile and the engineering firm expressly make it known to workers that the employer has the right to dismiss a worker in case of misconduct. The respective unions also educate the workers as to the consequences of misconduct or other behaviour that might prejudice the workers' employment.

In both companies, it is usual practice as provided by the union-company agreement to issue warnings to persons found incompetent or guilty of an offence that does not warrant instant dismissal. We need not be detained by repeating what we have said about the disciplinary measures that are taken by the two companies.

One thing, however, needs some further comment, and this is that the rate of dismissals in the textile firm is far too high indicating something wrong in the firm. As we have seen at least one person was dimissed every two days. In fact, the single biggest cause of the high labour turnover in the company is the rate of dimissing workers. This high dismissal rate would suggest either that management has unchecked power to dispense with the services of employees (which would be further evidence of the weakness of the union) or that the selection procedure in the company is incompetently done thus engaging persons who find that they cannot do the work assigned to them. Whatever the explanation, the high rate of dismissal suggests some industrial malaise in the firm.

In the engineering firm, however, cases of dismissal are very rare indeed. Between December 1973 and October 1974, a total of 51 persons were discharged almost all of whom were employed on a temporary basis or deserted the company out of their own free will. So, we cannot talk of dismissals due to committal of offences or other serious causes. There were only two cases of actual dismissal - one due to laziness and the other due to ill-health. It is therefore fair to say that dismissals from the engineering company are a very rare occurence. The explanation of this relatively low dismissal rate could be that the selection of personnel is fairly competently carried out and that the working conditions in the company are favourable to workers. Whatever explanation, the engineering firm stands in great contrast with the textile company as far as dismissal rate is concerned.

(d) Managerial Styles

The two companies cannot be said to be practising participatory management style. Along the authoritarian-participatory continuum, however, we can appropriately place each of the two companies.

The textile firm is closer to the authoritarian end than the engineering firm. This could be due to the company's historical background. It started as a small family enterprise here in Kenya without requiring the services of any professional managers versed with the increasingly liberal attitudes and practices obtaining elsewhere in the capitalist world. The colonial context within which the company developed just hardened the hearts of the proprietors, as they sought to obtain maximum benefits from the labour of their employees. Unionism was grudgingly allowed to operate and no kind of employee participation was thought desirable. The coming of independence did herald some worker unrest in the firm with a strike being staged in 1962. It is significant that one of the major causes of this strike was the authoritarian and autocratic manner that the Asian managers and supervisors used to treat African workers in. The workers in the factory still maintain that they are maltreated by their Asian superiors. At the moment, most managers in the firm are Asians, and a sizeable group of them have been in the company for well over 10 years. One influential Asian manager has been with the company since its inception. This could in part explain why management styles which have been long abandoned by many other firms should be found in practice in this firm.

Probably it would pay to define at this juncture what we mean by "authoritarianism". This is a mode of behaviour towards others in a group situation that assumes that one person (or group of persons) possesses all the resources necessary to keep the group going about its business. The leader of the group is supposed to be knowledgeable and energetic enough to command respect of his subordinates. As Jennings puts it,

> ".... the term (authoritarianism) is generally used to connote the existence of a condition of dependency on the part of members of a group toward a single individual (the 'leader') who so conducts himself that he renders himself the key to all group action and eventually becomes indispensable. His inner need to dominate is given expression by maintaining segregation not only between the group members and himself but also among members themselves, and by seeing that communication is kept to a minimum except in so far as it is through him and focused upon him."[84]

This is the situation in the textile firm, where there is very little delegation of authority. Supervisors complain of their functions being usurped by heads of departments. One respondent complained that since the coming of the present general manager in the firm, even the little power that the supervisors used to exercise has been denied them. We have mentioned the case

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[84] Jenning, E.E. "The Democratic and Authoritarian Approaches: A Comparative Survey of Research Findings", in American Management Association Report No. 16, 1958, pp. 42-54.

of one manager who wished to exercise his authority in having a worker warned, but who was overtly asked not to do so by the General Manager. It is therefore fair to say that although the firm cannot be said to be totally authoritarian, yet it tends towards that direction.

Certain elements of participation of course exist. For instance, once in a while the various managers consult together with the General Manager. Likewise, the union and the Works Council attenuate the effects of the otherwise "one-man rule". Workers' participation is of course in the very unimportant matters. The same institutions of workers participation exist in the engineering firm.

The engineering firm, however, is much more "bureaucratised" and interpersonal relations are guided by well-established rules and regulations. Every person, from the highest to the lowest employee knows well what he is required to do and this is to some extent unlike in the textile firm where the General Manager usurps the powers of others because they may not know well their spheres of authority.

As we have seen diffusion of authority and the specification of responsibility is not very well effected in the textile firm and all heads of departments or managers are directly responsible to the General Manager. Each head of department is not certain of the limits of his authority. As one manager stated,

> "The problem with this company is that the General Manager does not delegate authority. He tries to do everything himself."

He went on to say that the Asian members of management are arrogant not only to their subordinates, but also to their African counterparts.

Of course, if everyone was being guided by clearly spelt out rules, regulations, the question of usurpation of power of others would not arise. Probably also, Asian managers and heads of departments would have little opportunity to show their arrogance to the workers.

In the engineering firm, cases of maltreatment of workers by management or even supervisors are very rare. Every worker knows the volume of work he is supposed to do and he also knows his work well as he joined the company after a stiff interview. This minimises the potential conflict that may arise between management and the workers. In the textile firm, we have already mentioned that most workers are referred to as "trainees". This would imply that the amount of supervision necessary is more and this results in numerous quarrels between workers and their supervisors. These quarrels at times escalate resulting in dismissal of workers, as the tendency has been for management to support supervisors. In the engineering firm, clear elaboration of what each employee is expected to do sidetracks such quarrels.

We cannot, of course, talk of any meaningful workers' participation in either the engineering firm or the textile firm. Real workers' participation is a function of ownership of the instruments of production. For instance, the shareholders of the engineering firm in the United Kingdom enjoy participation with respect to their company through their directors. They are entitled to vote on the various policy issues. Only ownership therefore carries the right to true participation in the decision making making process at least as far as all the important matters affecting the profitability of the company are concerned.

The same is true, of course, of the textile firm. Certainly, a number of crucial decisions are left to the managers. For instance, recruitment is carried out by the professional personnel managers by each of the two companies. Yet it remains true to say that participation in the decision making process emanates from ownership of the means of production. The workers and other employees in each of these companies have no say in the determination of where and how to invest, how much money to be retained and similar key decisions. They, however, periodically participate in the fixing of their wages through their representatives in Union-company agreements. Similarly both companies have gratuity schemes which are designed to enable workers to "participate" in the profits of the company. However, in the textile firm, the high rate of labour turnover would put to question the effectiveness of the gratuity scheme. The Works Council in both companies introduces some measure of workers' participation but in making only the very minor decisions. We shall explore the theme of workers participation further below.

4. MISCELLANEOUS

Political pressure on both firms has been considerable. They have been asked to provide institutions with donations and they have responded favourably. Both companies have experienced formal government pressure to provide employment opportunities to Kenyans. As early as 1964, a Tripartite Agreement on employment was signed between the Federation of Kenya Employers, the Kenya Government and the Central Organisation of Trade Unions. the agreement stated that,

> "In acceptance of the fact that the unemployment problem has become so serious as to constitute a national emergency .... sacrifices must be made if a potentially explosive situation is to be averted and the political stability of the State preserved ....."

The agreement stipulated that private employers were to increase their labour forces by 10%. The trade unions accepted a 12-month wage-freeze after expiration of then existing agreements, while the government undertook to increase employment by 15%. The engineering firm under consideration was directly affected by this agreement increasing employment opportunities by the required percentage. The textile firm was affected indirectly as it is not a member of FKE. A similar agreement was reached in 1972. The important point to stress is that this was typical of government pressures on the companies.

Of course, such pressure is to some extent resisted by the companies. For instance, the textile firm under consideration has time and again frustrated the government's efforts to have apprentices trained. So too, the Kenyanisation of managerial positions has been extremely slow, unlike in the engineering firm.

We have already examined the various types of pressures put on each of these companies in some detail elsewhere and we need not spend more time and space discussing them here again. Suffice it to say that like all the other private companies in the country, the two firms have been subjected to external pressures ranging from the informal pressure by relatives of senior staff to have them employed to formal government pressure in the form of tripartite agreements or industrial training regulations.

While there is evidence of intra-managerial conflict in the textile firm, it is difficult to say for certain whether such conflict exists in the engineering firm. The major causes of this conflict in the textile firm are the apparent racial discrimination and lack of clear demarcation of managerial authority. In the engineering firm, the desire of African managers to reach executive positions which are still largely occupied by expatriates could result in some intra-managerial conflict. Moreover, tribal conflict among African managers probably exists.

A summary of the main differences between the two companies is given in Table XVII overleaf.

TABLE XVII

SUMMARY OF MAIN FINDINGS IN THE TWO FIRMS

	TEXTILE FIRM	ENGINEERING FIRM
Size of Business	Locally developed company with manufacturing facilities located only in Kenya. Imported and local raw materials.	Subsidiary of a multinational company with operations in 17 countries. Imported raw materials.
Financing	Limited reliance on foreign capital. Relies heavily on locally generated capital.	Largely dependent on imported capital. Only limited local capital.
Market	Relies almost exclusively on local mass market. Increasingly seeking external markets due to stiff competition in local market.	Relies on local elite market, where it has a virtual monopoly. Increasingly seeking external markets as local market is small.
Labour Recruitment (i) Managerial Personnel	Bulk of employees non-Kenyans. Possibility that non-Kenyans are given preference in selection.	Bulk of employees Kenyans. Possibility that the executive positions are reserved for expatriates.
(ii) Lower Participants	Bulk of employees Kenyans. Possibility that favouritism influences recruitment process.	Bulk of employees Kenyans. Possibility that favouritism influences recruitment process.
Training	Inadequate training facilities at the time of writing. Training mainly on-the-plant. No training for managerial personnel	Training facilities adequate. Training of lower personnel carried out in a company training centre. On-the-job training for managerial personnel.

TABLE XVII (CONTD.)

	TEXTILE FIRM	ENGINEERING FIRM
Promotion	Fraught with difficulties, for instance high failure rate in company set exams. Possibility of favouritism.	Probably depends on merit, though possibility of favouritism cannot be ruled out.
Labour Turnover	Relatively high. Approximately 2% per month.	Low about 0.75% per month.
Absenteeism	Relatively high. Approximately 2% per month.	Low, approximately 0.75% per month.
Union	Relatively weak. Collective bargaining on an individual basis.	Relatively strong. Collective bargaining on industry (national) basis.
Salary Structure	Relatively high managerial remuneration. Members of management earn 10 times as much as average workers.	Relatively high managerial remuneration. Members of management earn 5 times as much as average workers.
Wage Structure	Relatively low. Approximates national minimum, i.e. 290/- per month in larger towns.	Relatively high. Nearly twice national minimum in larger towns.
Organisation and Authority Structure	"Traditional" organisation. Authority centralised in the hands of General Manager	"Bureaucratic" organisation. Considerable authority delegation at managerial level.
Management Style	Workers' participation limited to: i) Works Council's Proceedings. ii) Union-Company Agreement Negotiations.	Workers' participation limited to: i) Works Council Proceedings. ii) Union-Company Agreement Negotiations.

TENTATIVE CONCLUSIONS DRAWN FROM THE TWO CASE STUDIES

In this section, an attempt to highlight the reasons why the two companies show major differences in organisation and authority structure, general personnel administration and industrial relations will be made. In the previous sections, most of the major differences were discussed, but it is necessary by way of conclusion to mention some of the more salient features again.

As we have seen, the organisation and authority structure of the textile firm are poorly defined. There is lack of well-defined areas of authority and responsibility particularly at managerial level, which in effect has resulted in the concentration of power in the hands of the General Manager. The hazy definition of the managerial powers may have resulted from the desire to give the General Manager - who happens to be a relative of the owners of the company - greater powers over the operations of the company, thus seeing to it that maximum profits are made. The General Manager, therefore, has more than just his <u>professional commitment</u> to make the company prosper: he has a <u>personal commitment</u> emanating from his family connections. He is not just an employee; he is a representative of the owning family, and probably a major beneficiary from the success of the company's operations. This being the case, he has not only usurped the functions of other managers from time to time, but also he has done his best to maintain the number of managerial personnel small so as to avoid having to meet a high salary bill.

The lack of clearly defined areas of responsibility has contributed to the high turnover rate among African management personnel, most of whom have had some post-secondary school training. This has, in turn resulted in more responsibility falling into the hands of the General Manager as it becomes necessary for him to take over the functions formerly handled by those who decide to leave the company, at least pending the engagment of replacements.[85] The point to emphasize is that the hazy definition of authority and responsibility has resulted in a highly centralised organisation and authority structure.

The historical development of the firm could explain further why the firm's authority structure is as it is. The firm was founded in 1948 as an Asian family business and it has remained a family concern ever since. It so happens that the Asian community in Kenya - which has on the whole been wealthy - is a self- conscious and virtually impenetrable group. In this way, the ideologies and values existing in their original land - particularly the caste system - may have been perpetuated. The caste system, for instance, emphasizes the total separation of the privileged and the underprivileged castes. Moreover, members of the superior castes look down upon members of the inferior castes. Translated into the Kenyan context, the Africans happened to be the "underprivileged caste", and thus were and are treated by Asians as inferiors. Being "inferiors" therefore Africans would be given jobs demanding very little responsibility.[86] This could for instance explain why there has been hazy definition of functions - particularly of African managers. It could also explain why some of the supervisory positions have been filled by Asians. The end result is of course that Asian personnel have better remuneration than African personnel, and therefore, the real basis of this discrimination is a desire to dominate Africans economically.

This is not to say that it is only Asians who thought Africans should take up only the inferior jobs. Europeans thought so too. Indeed, in the engineering firm under consideration, Africans were relegated to the most junior positions until well after the post-colonial period. The difference between the two firms now rests

[85] In fact, at the time of writing the managerial staff who have left the company have not been replaced yet.

[86] And if they are given jobs demanding considerable responsibility by virtue of their education, they are not rewarded on par with Asians doing the same jobs.

in that the engineering firm has had more Africanisation of managerial positions than the textile firm.

The unclear definition of the managerial powers may also have been designed to cover up the ill-practices, such as recruitment of Asians, where Africans would be available to do the work. Thus, as we have indicated the Personnel Manager complained that Asians were being recruited at the head office, where there is no personnel section. In this way, the powers and responsibility of the Personnel Manager have been usurped by others.

It is likely that with the increasing number of graduate and other highly qualified African personnel this hazy definition of managerial powers resulting in concentration of power in the hands of the General Manager will be challenged. But unfortunately, with the current high rate of turnover among management personnel, it is difficult to see how this will take place, with the result that the organisation and authority will continue to be highly centralised.

The engineering firm on the other hand has some clearly defined authority areas. This is reflected in the organisation chart. There is a high degree of authority delegation unlike in the textile firm. A major reason why there is this authority and even responsibility delegation is that the various factory units are geographically dispersed, which is unlike the textile firm, where all the productive activities are concentrated in one factory. It is therefore necessary to give greater power to those who are closest to operations of the various branches of the Company. At the branch level greater authority delegation may be a result of the belief of the Company's top management that delegation of authority will act as a major motivator - a view which is held by most multinational corporations.

In any case, the top management personnel in the engineering firm have been exposed to the rather liberal British practices of management as the company is a subsidiary of a British multinational company. Its senior personnel until very recently have almost entirely been British. So too the firm has accepted Africanisation of the senior positions much more readily than the textile firm. African managers in the Company have been indoctrinated in the British industrial modus operandi. It could therefore be said that the rather different management philosophies displayed by the two firms are a function of their different backgrounds. The engineering firm came to Kenya with the British traditions about personnel management: the textile firm developed in Kenya in a tradition of colonial autocracy.

The fact that the textile firm has continued to rely heavily on Asians to man top and middle management positions means that the traditions of management they have used since the company started may continue to thrive. As we have seen, Africans who join the Company's management get frustrated and they quit it. The engineering firm with its increasing Africanisation of management positions will, on the other hand, probably display more and more power decentralisation.

It has been shown that the proportion of the Asians in the management group of the textile firm is much higher than that of Europeans in the engineering firm's management. This could be so because the owners of the textile firm wish to help their fellow Asians, who may otherwise be facing a difficult time in the country given the fact that there is increasing Government pressure to Africanise small businesses which had in the past absorbed the largest proportion of Asians in the country. This argument is given more weight by the fact that the Asian community in Kenya is still largely closed and self-conscious with considerable family links. The engineering firm on the other hand is run by professional managers who are engaged by the owners of the company largely on merit and for the purpose of procuring for the latter reasonable profits.

The European community in Kenya has not been involved in small businesses, and therefore has not been subjected to the economic dislocation facing the Asian community. This being the case, it would be unnecessary to engage Europeans in the Company on the basis of racial sentiments and sympathies, or even family connections. This could explain why the engineering firm has been much more ready to Africanise the managerial positions than the textile firm.

The high labour turnover rate in the textile firm could be a result of several factors. First, there could be an unsatisfactory physical and social environment, and as we have seen, this is precisely the case. Thus, physical working conditions are deplorable probably jeopardising the health of the workers. So too, the overt coercive treatment of workers by Asian supervisors and departmental heads creates a social environment that is conducive to a high labour turnover. Members of the management group leave the Company as they see their functions usurped by the General Manager. Moreover, they see themselves overtly denied the benefits which their Asian counterparts receive, and are provided by other companies. Another factor that can explain the high labour turnover among lower employees is that they receive comparatively low wages. We can explain the high rate of absenteeism found in the textile firm along more or less similar lines.

On the other hand, the engineering firm's low turnover rate at both managerial and other levels can be explained by the fact that the physical and social environment in the firm is satisfactory. Moreover, the wages paid to workers are quite high. The managers have many more benefits than those in the textile firm and this no doubt contributes to the lower turnover rate at managerial level. So too, clear authority definition does much to create a favourable working environment.

The textile firm has fewer welfare, health and fringe-benefits for its employees than the engineering firm. As we have seen, for instance, while the engineering firm has a canteen, the textile firm does not have one. Moreover, while the engineering firm has a well-staffed dispensary, that of the textile firm offers a complete contrast. As we have argued earlier, there is a very high dismissal rate in the textile firm. This in effect means that there are very few workers who benefit from the gratuity scheme, unlike in the engineering firm. We can explain the situation found in the textile firm in terms of the desire of the company's management to keep cash outflows to a minimum level, thus ensuring better profit margins.

The union in the textile firm is much weaker than that in the engineering firm. This is reflected by the fact that since 1962, there has not been any major industrial unrest in the company even though the working conditions in the firm have been unsatisfactory. This is unlike the union in the engineering firm where between 1961 and 1972, a total of five strikes were recorded. These strikes may have led to the better wages and conditions of work prevailing in the engineering firm. In fact the wages of machine operators in both firms were more or less the same in 1961. With the passage of time, those in the engineering firm have increased until at the moment they are virtually double those prevailing in the textile firm. One way of explaining the relative weakness of the local union at the textile firm is that its local leadership is not strong. On the other hand the local leadership in the engineering firm is fairly strong and they have incessantly relayed local grievances to the national union for corrective actions. Judged by results, therefore, the union in the textile firm is much weaker than that in the engineering firm.

The current wages in the textile firm are much lower than those found in the engineering firm. One way of explaining this situation is that as the textile firm uses a relatively labour-intensive technology, as contrasted with the engineering firm, the labour costs would be extremely high if the wages paid were to be raised to the level found in the engineering firm. Another way of explaining the relatively low wages in the textile firm is that the market for its products is highly competitive, unlike that for the engineering firm. Thus to make bigger profits, labour costs have to be kept as low as possible. The engineering firm with a virtual market monopoly in Kenya can set its own prices, and therefore compensate for any high labour costs.

The management styles used in the two firms differ. The textile firm, as we have seen, is closer to the authoritarian model than the engineering firm. As argued above, this could be as a result of differing backgrounds of the two companies.

We cannot, of course, say that the two firms have any meaningful workers' participation in the sense the term is used in this thesis. It is possible to argue, however, that since the Kenya Government owns 10% shares in the engineering firm, the workers who elect the Government theoretically have some indirect participation at least in the benefits resulting from the Company's operations. This is not the case in the textile firm where there is no government participation. The theme of workers' participation will be considered in some detail in the concluding chapter. Suffice it to say here that in the absence of workers' ownership of the productive assets in either of the two companies, the workers cannot expect any meaningful participation in the managerial functions. Authority delegation found in the engineering firm falls short of reaching the workers the main reason being that it would be a contradiction in terms to give the workers power to determine how much they should be exploited. In this sense, the textile firm is more honest in its managerial approach preferring a more overt exploitation and apparently accepting its consequences. This managerial approach reflects the political, social and economic environment within which the company has been operating. The engineering firm with its British traditions has more or less managed to avoid overt authoritarianism even though it operates in an authoritarian environment.

To conclude, seen from the point of view of pandemic unemployment in the country, the two firms do provide some significant employment opportunities to Kenyans. The recruitment, promotion, training and other aspects of personnel administration, however, are fraught with considerable irregularities. We have at length discussed these departures from the ideal situation. These departures are largely due to the fact that job opportunities available do not match with demand. Thus, tribal favouritism, nepotism, bribery, undue political pressure and the like, become increasingly important. Moreover, since these firms are privately owned and controlled by foreigners, the topmost positions are reserved for expatriates. As we have seen, however, the degree of Africanisation in the engineering firm is much higher than in the textile firm, probably because the latter firm wishes to keep in employment Asians who may otherwise remain unemployed in Kenya.

The apparent readiness of the engineering firm to Africanise its management positions may be due to the fact that Kenya Government has some minority interest in the Company. Yet, as has been seen, the very top positions in the Company are still largely occupied by expatriates.

Those Africans who happen to join the management echelons of these two (and other companies in the country) have remuneration far in excess of what the lower employees earn. In fact, they constitute a group that has everything to gain by the continued operations of these companies. In the engineering firm, for instance, Africans in the managerial positions are entitled to car loans and assistance in purchasing houses. In this way, they join the ranks of the privileged minority in the country, while the rest of the population live in perpetual poverty. This is of course part of the process of uneven development where selected individuals and geographical areas forge ahead while others remain relatively backward. At the individual level, the colonial situation ensured that Europeans and Asians received the largest share of the country's resources per head while Africans received considerably less.

The neo-colonial situation has propped up a few Africans, for instance, through the process of Africanisation of management positions in multinational companies, but the main economic structures introduced during the colonial period have not been altered significantly. Thus, many foreign companies in Kenya - including the engineering firm under consideration - operate to benefit the African elites as well as the large expatriate community in the country and not the poor workers and peasants. So too, the major actors in the industrial scene are mainly foreigners, with Africans participating in the less rewarding productive activities.

The two case studies have shown that the people from the Central Region of Kenya are grossly over-represented in their labour force which reflects one of the basic dilemmas of neo-colonial situation: selective development. The Central Region benefited most from economic activities during the colonial period. Thus, for example, major industrial development took place within its towns. The best means of communication were constructed here. So too, the largest number of schools were set up here. In general, the Central Region had the best economic infrastructure. Investors thus preferred to establish their operations in this area and naturally the people closest to these centres of economic growth have taken a disproportionate share of the benefits of industrialisation. This could explain why the engineering firm under consideration has a labour force dominated by people from the Central Region, even though in fact it is located in a national capital and ceteris paribus, every Kenyan should have an equal chance of joining the Company.

C H A P T E R V

SUMMARY, DISCUSSION AND CONCLUDING REMARKS

WHAT ARE THE PROSPECTS FOR WORKERS' PARTICIPATION IN KENYA?

One scholar in African development studies argues that in the sphere of modern personnel management, Africa can display quite high standards. In his own words,

> "The highest standards of modern personnel management could work in Africa; perhaps the communist system could work; perhaps Africa can invent variants of her own. There are other means of protection and participation."[87]

According to Mr. Hunter, Africa could show the highest standards of modern personnel administration precisely because there has not been evolved antagonistic classes in the continent. There has not been established a class of owners and controllers of means of production directly exploiting the labour power of a non-owning class.[88] It follows then that such hostility as existed in Europe between the bourgeoisie and the proletarians has no place in Africa.

This argument seems to imply that much of Africa is still in that stage of societal development that Karl Marx called "primitive communalism", where all members of a given society own and control the most important resource - land. There being no exploitation

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[87] Hunter, G. "The Best of Both Worlds? A Challenge on Development Policies in Africa", (London: Butler and Tanner, 1969)p. 90.

[88] As we have seen and will see below this is not the case in Kenya where such classes have been evolving at a very rapid pace.

of man by man the most up to date and socially approved methods of personnel management - participation of all who constitute a given productive unit's labour force in the managerial functions - could take place. Alternatively, we could interpret Mr. Hunter's assertion as implying that the bulk of the population in Africa consists of self-employed persons. In either the ownership and control of the means of production fuses with actual physical productive work. In other words, the individuals who are self- employed carry out the managerial as well as the operative functions of their own enterprises. As it were, they are both their own managers and their own workers, structuring their own work situations.

It is the latter interpretation that approximates the situation in Kenya, where about 90% of the population live in the rural areas.[89] Approximately 90% of the total potential labour force is found in the rural sector. In absolute numbers, this would now represent about 5,000,00 people. These persons are largely self-employed peasants, who toil for the maintenance of their families and whose living standards cannot be said to be very much above subsistence level.[90] In fact, the labour in this rural sector is mostly underutilized since the available land is very limited. This explains the influx of labour into the urban areas where the major locus of wage labour is situate.

Our earlier analysis has shown that in Kenya, the colonial epoch introduced land shortages by ensuring extensive land alienation which in turn resulted in unemployment and underemployment of human resources in the African rural economies.

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[89] Singer, H. and Jolly, R., Op. Cit.

[90] The peasants carry out managerial functions as well as operative work.

Africans were forced to crowd in land reserved for them, which was often inadequate. The diminishing amounts of land among the African population did much to eliminate whatever remnants of communal property institutions existed replacing them with private institutions. This was particularly so in Gikuyuland and as we have seen in Chapter 1, the Kipsigis people were also put in the same difficulties. Other tribal groupings in the country were also forced to adopt capitalistic tendencies.

The coming of independence has further enhanced entrenchment of the ideology and practice of "private property". Land consolidation and registration programmes were and are designed to entrench the individualisation of land. Thus, the present government has wholeheartedly endorsed capitalism as the major mode of effecting economic development. The social and political consequences of capitalist development in Kenya have been described as follows:

> "There is a clear division in Kenya's society which is based largely on the share of economic wealth of the nation. Kenya's society provides a very good example of the haves and the have-nots ... Kenya's economy is growing very rapidly, but the gap between the clases or between the haves and the have-nots seems to be widening. There is clear evidence of a few African political and bureaucratic elit e who are slowly merging with the commercial elite to form an apex at the top of the socio-political and economic elite, while the majority of Africans linger helplessly below the totem pole. This trend may defeat the very tenet of African socialism which in effect may lead to another revolution of an unanticipated nature and which may end up in the disintegration of the whole Kenyan society.[91]

The fact that Kenya Government intends to have capitalism entrench itself in the country can be seen from its pronouncements

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[91] See NCCK's Who Controls Industry in Kenya?" Report of a Working Party, (Nairobi: E.A.P.H.) 1968, pp. 258-59.

in advocating private investments by both foreign and local investors. No fundamental structural changes in the economy have been effected and capitalism introduced under the colonial period has been perpetuated unbridled into the post-independence period.

In the rural sector, commercial agriculture that has for long formed the mainstay of the country's economy is being developed largely under the capitalistic system. Thus, foreign companies, European and African large-scale farmers as well as smaller farmers are continuing to expand their agricultural pursuits. Land settlement schemes are designed to boost capitalistic agriculture, since the plots of land alloted are large and cannot be fully utilized by family labour alone. For instance, to date in Nyeri District alone 63,680 families have been settled on 1,752,500 acres of land since the settlement schemes began.[92] This means that each family received on the average 27 acres of land, which can only be fully utilized if wage labour is employed. The urban industrial sector is of course even more capitalistic. Thus the institution of private property has become more and more entrenched in Kenya.

As we have argued in Chapter 1, there has been a tradition of authoritarianism in Kenya which is reflected in all aspects of life - political, economic and social. This tradition had its source in the de jure colonial era, and under the neo-colonial situation existing in the country it has found further nourishment. Capitalistic development necessarily involves utilizing labour of others for the benefit of the owners of the instruments of production. In the context of a less developed economy, this will entail lowering of the real wages of the workers if the hoped-for "accumulation of capital" is to be effective. This "primitive accumulation" may of course be delayed if there is very heavy reliance on foreign investors who want to take home most of their

[92] Daily Nation, February 20, 1975.

profits.[93] The low wages paid to workers will cause them to resort or other counter productive activities. This will in turn antagonise the Government which has implicitly promised high returns on investments to the investors. As one Minister of the Kenya Government has stated,

> "Whilst the Government is trying to raise workers' standards of living, there is a point beyond which it cannot give wage increments without ruining the economy".[94]

At the time of writing, strikes or go-slows are illegal in the country following a Presidential decree of late 1974.

As it were, trade unions and works councils are the only means of participation of workers in the managerial decisions that are recognised in Kenya. Collective bargaining gives the workers' representatives some say in what would otherwise have been the sole decision of employers. So too, joint consultations through works councils gives the workers some minimal opportunity to participate in or at least influence the minor managerial decisions. With the restriction of trade unions' "counter-productive activities", the participation of workers in some of the more important managerial decisions - determination of their remuneration and terms and conditions of employment - is effectively curbed. According to Walker,

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[93] The Kenya Government, like many governments in the less developed economies loaths trade unionism because of the latter's tendency to slow down the process of economic growth by "unnecessary confrontations". However, the denial of higher wages that the unions demand results in the money thus saved going into the pockets of the investors who will not necessarily reinvest it here. The result will be a slower rate of economic, social and of course, political development.

[94] Daily Nation, November 8, 1974. One way of ruining the economy is forcing the foreign investors on whom great reliance is placed, to close their factories and go due to high labour costs.

> "Workers' participation in management occurs when those below the top of an enterprise hierarchy take part in the managerial functions of the enterprise ....
>
> ... (the workers) .... structure the work situation by determining the tasks that are to be carried out, the comditions and terms under which they are performed and the compensation offered in return for the work done."[95]

The question then is: how can we reconcile the institutions of private ownership of means of production with the postulates of sound workers' participation in managerial functions? The view taken in this thesis, at least in the context of Kenya, is that the two are irreconciliable and the history of the country to date illustrates this well. Meaningful participation in managerial functions requires ownership of the means of production or authorisation by the owners to participate in such functions. As Amsden has argued with respect to Yugoslavia,

> "... a radical and hardwon change in the basis of ownership and control was a necessary prerequisite in Yugoslavia for the evolution of its controversial practice of workers' self-management".[96]

Attempts to introduce "participatory" management by some American firms back at home have not met with any success. For instance, the American Brake Shoe Company which originated the concept of "bottom-up" management has not had the ideal achieved. "Bottom-up" management implies that,

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95 Walker, K. F. , Op. Cit.

96 Amsden, Op. Cit., p. 39

> "... management action and initiative derives largely from the bottom of a company and works its way up instead of being imposed arbitrarily from the top ....
>
> ... True bottom-up management spreads responsibility throughout the entire organisation, not only among management levels".[97]

Lack of ownership of means of production has been one of the major sources of failure of this effort to have workers participate in the managerial functions. After all, why should workers bother to increase the profits of the owners of the company? Why should the owners of the companies or their managers, allow workers to make managerial decisions while they know this will lead to the workers trying to gain most out of such power thus minimising profits that go to the owners of the companies? We therefore fully endorse Bottomore's view that the full development of workers' participation is possible only on the basis of social ownership of means of production.[98] The motivation of workers will be ensured by the fact that they would be working to improve their own benefits, not those of others.

Amsden notices that the employers in Kenya begrudge the workers such minimal participation as profit-sharing.[99] It is therefore unrealistic to expect that there will be meaningful workers' participation without a revolution of thought about property and power relationships on the part of both workers and employers in the production process. She rightly argues with respect to Yugoslavia that,

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97 Hutchins, J.S. "Bottom-Up" Management: A Key to Sound Human Relations", in American Management Association Report No. 16, Op. Cit., pp. 25-34

98 Quoted in Blumberg, P. "Industrial Democracy: The Sociology of Participation, (London: Constable, 1968) p. 129.

99 Amsden, Op. Cit., p. 36.

> "... Only a revolution in thought about power relationships and industrial democracy could have allowed a system of decision making by workers' representatives in conjunction with a manager elected by those whom he manages on almost every aspect of the firm: how much is to be produced, at what price, how much workers are to be paid, for how much output, etc.
>
> ... it is an adherence to Western property relationships and their intrinsic ideologies ... which precludes experimentation in Africa with workers' self-management on the Yugoslav model, or even a variant of it."[100]

In the absence of a complete overhaul of the social, political and economic structures introduced in Kenya by the colonial government, and adopted by the present government; without a change in the property relationships, it is Utopian to expect that workers will ever participate in managerial functions in the country. In fact, they do not expect to do so. The policy of the Government as has been shown is to create a local bourgeoisie that will have a stake in the continuation of the present and increasingly capitalistic political, social and economic order. The colonial government itself had begun acting along similar lines.[101] Mr. Hunter's assertion that in Africa the highest standards of personnel management could work, is therefore largely false in the Kenyan context, however, true it may hold for other African countries.

100Amsden, Op. Cit., p. 39

101The Working Party of the National Christian Council of Kenya referred to above has this to say: "The establishment of a middle class in Kenya was one of the goals of the colonial regime. 'One method of achieving this, wrote an officer of the Ministry of African Affairs some years before Independence, 'is to encourage and foster the African entrepreneur'. ... a class of Africans .... which has a vested interest in the status quo'." Op. Cit. p. 258.

Workers' participation is rendered even more remote by the fact that there is an acute unemployment problem in the country, and this is well-known by the employers who therefore can decide to do away with undesirable unskilled workers, and replace them with others. The unions being weak can do little to help their members.

One major difficulty that the country faces is the presence of a large number of foreign-owned companies.[102] These companies prefer capital-intensive technology which by definition sets sharp limits to the number of employment opportunities that can be offered. It is idle to pretend that the government is unaware of this inherent contradiction. As one highly placed government official in the Ministry of Labour has commented,

> "Kenya faces the problem of employment creation with employers often choosing machinery over people in the battle for profits.
>
> In the United States, trade unions welcomed mechanisation since it raised productivity, a basis for increasing wages. But here in Kenya with a high level of unemployment and even higher level of underemployment, the priorities must be reversed. Increased employment is more important than increased wages ...."[103]

One of the ways to increase employment opportunities is to freeze the wages of the currently employed workers. This would enable the employers to take in more workers. This would enable the employers to take in more workers. This was the action taken in 1964 when a Tripartite Agreement on Unemployment was reached between Government, Employers and the Unions. The agreement

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[102] In 1967 there were 676 subsidiaries of foreign companies registered and operating in Kenya. All the other companies - 5,910 in all - were incorporated in Kenya and most of them are controlled by foreigners. Most of these companies do not reveal much about their financial position. There is therefore no reason to believe that they do not extract considerable amounts of local wealth and ship it away, since the political future of Kenya is still hazy. (See NCCK's Report of a Working Party) Op. Cit., p. 129.

[103] Friday Nation, November 8, 1974

stated that the Unions were to accept a twelve month wage freeze after the expiration of the then existing union-company agreements. No strikes or go-slows were to be permitted. In the private sector, 28,000 persons were recruited, but at the same time 20,000 left their employment without being replaced.[104] This rendered the Agreement largely illusory.

This points to the possibility that so long as foreign companies continue to operate in Kenya using capital-intensive technologies, employment opportunities in them will grow at a very slow rate. Freezing the wages would be naturally opposed by the unions, but confronted by a determined government the unions may have to give in. Thus, the unemployment problem in Kenya renders workers' participation at least in the setting of wages and terms and conditions of work fraught with difficulties.

The means of production in the country are largely privately owned and controlled and except for the largely insignificant peasant economy where ownership and operation fuse, the separation between the owners of the instruments of production and the labourers is developing at a fast rate. This is the direct opposite of what the country's "Economic Bible" - Sessional Paper No. 10 - stipulates in one part:

> "The class problem in Africa ... is largely one of prevention, in particular -
>
> i) to eliminate the risk of foreign economic domination; and
>
> ii) to plan development so as to prevent the emergence of antagonistic classes ....
>
> ... Kenya has the special problem of eliminating classes that have arisen largely on the basis of race."[105]

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104 Amsden, Op. Cit., pp. 100-101

105 Sessional Paper No. 10: African Socialism and Its Application to Planning in Kenya, 1965, pp. 12-13.

None of these ideals has as yet been given any serious thought. Thus, foreign investors are coming to the country day after day, and yet no serious attempt is made to review their activities with a view to asserting more government control. As Amsden has argued:

> "Much industry in Kenya rests in the hands of international firms operating through private subsidiaries which neither offer shares for sale nor publish financial accounts. Even if the boards of such subsidiaries as well as their managerial staffs are manned by Africans, major decisions on re-investment, sales and so on may still be taken in London."[106]

The two case studies above illustrate this point well. The textile firm has frustrated government's efforts to have top managerial and middle managerial positions Africanised in all sorts of ways. Training of apprentices, for example, has been poorly carried out. Moreover, no Africans have been incorporated into the circle of directors. The top management positions are dominated by Asians. The engineering firm, has two Africans as directors, but these are a minority. Moreover, the executive managerial positions in the company's Nairobi Branch are dominated by expatriates. Both companies do not sell shares to the Kenyan public. Yet, all the above facts exist without any serious attempt by the Kenya Government to attenuate the powers of these companies. It is, therefore, fair to say that these two and other companies have power over the government which has succumbed to their will.

The class problem continues to worsen, as we have indicated elsewhere. To some extent, it is fair to say that the classes existing in Kenya have a racial basis. Many of the investors are foreigners, mainly Europeans and Americans. Moreover, such major local investors as exist are mainly either naturalised Europeans or Asians. As the two case studies have shown, salary

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[106] Amsden, Op. Cit., p. 131.

differentials among managerial staff in effect have a racial connotation. Kenya, therefore, has still to battle not only with the problem of racially based classes, but also with that of development of local classes of owners and non-owners of means of production.

The two case studies that we have analysed illustrate what goes on within the larger private companies in the country as far as personnel and industrial relations are concerned. The acute shortage of employment opportunities in the country results in all sorts of favouritism in the recruitment and promotion of personnel, even though this is in contravention of the I.L.O. Convention. The ownership of the companies by foreign nationals justifies engagement of non-Kenyans particularly in the topmost positions. This defeats government's intention to have Africans occupy managerial positions in the companies. So too, foreign-owned companies may resist government pressure to have them train persons to occupy technical positions in these companies. The textile firm considered illustrates this point clearly. The unions are powerless in the face of strong employers buttressed by the government. Workers' participation in the sense we use the concept in this thesis does not exist. In the textile firm the very high labour turnover indicates that the workers who find life intolerable in the firm, unable to do anything else, decide to quit employment thus again exacerbating the unemployment problem.

To conclude, the personnel and industrial relations in Kenya, whose essential elements have been considered, are largely conditioned by the colonial and the neo-colonial situation that the country has found itself in. The British rule introduced Kenya to international capitalism which disrupted the traditional African economies. The productivity of the traditional economies went down, as unemployment and underemployment began to make themselves felt by the African population as land supplies contracted.

Wage-labour in both urban and rural areas to some extent helped the dislocated Africans. However, as it sometimes happened the seasonality of labour demands in the commercial agricultural sector and the industrial sector dependent upon it resulted in seasonal unemployment or underemployment.

The coming of international companies brought some employment opportunities in the urban areas, which continued to attract more and more labour from the rural sector. It is these companies that today provide the majority of paid employment opportunities in the country, even though employment in large scale commercial agriculture is significant. Thus, since 1945 foreign-owned companies have played a dominant role in providing wage-employment. But the opportunities offered do not match the demand for wage employment which grows bigger day after day. Schools pour out "half-baked" prospective employees who come to towns just to find that the opportunities they dreamed of are non-existent.

Under these circumstances, the government has become increasingly conscious of need to solve some of the unemployment problems. But as yet, it has not hit upon a workable formula and the problem continues to loom high. This may help to explain why it has adopted increasingly restrictive policies, as far as workers' wage and other demands are concerned. This in turn has meant that the possibility of workers' participation in managerial decisions in the modern sector have become more and more improbable, however real such participation is among the peasants in the rural sector.

In a nutshell, private investment in the country by both foreigners and locals, has resulted in the need for government protection of the investors whether involved in industrial or commercial agricultural pursuits against what are thought to be "excessive" demands of workers. Most foreign companies come to the less developed economies to exploit cheap labour. In the absence of such cheap labour, they increasingly resort to capital-intensive technologies.

Implicitly, the Kenya Government guarantees cheap labour as can be inferred from its restrictive policies towards trade unions. Those unskilled or even semi-skilled workers who feel that they cannot go on receiving low wages have the option of quiting employment as there is an abundant supply of labour. But what awaits them in the countryside is poverty and destitution as land continues to fall in the hands of the "progressive" members of society.

Foreign investors continue to ship away money they earn from the country. So too, some of the local investors follow suit as the political future of the country becomes more and more uncertain. The purchasing of foreign-made luxury goods - which is just too well documented in Kenya - and which is partly determined by the presence of a disproportionate number of Europeans and Americans who set the consumption standards of the African elite - results in loss of large sums of money to the country. In this way, the hoped for rapid accumulation of capital for reinvestment cannot be achieved. The economy's productive capacity is thus impeded with the consequent contraction of employment opportunities.

The implication of this in personnel relations in the country is that the possibility of even the most minimal elements of workers' participation in managerial functions will become more and more remote. This is reflected in the recent Presidential decree banning strikes and other behaviour thought to be counter-productive which in part can be interpreted to mean government support for the private investors' wish to keep the workers from participating in one of the most important managerial decisions - determination of the remuneration they should receive, the terms and conditions of their employment.

A P P E N D I X   A

INDUSTRIAL RELATIONS CHARTER

NAIROBI

15th October, 1962

PREAMBLE

The Government of Kenya, the Federation of Kenya Employers and the Kenya Federation of Labour:-[107]

1. Considering that at their Conference held in Nairobi on Tuesday, the 3rd, and Thursday, the 5th July, 1962, convened by and under the Chairmanship of the Minister for Labour, the Hon. T.J. Mboya, M.L.C., agreed to endeavour to prepare an Industrial Relations Charter;

2. Realising that it is in the national interest for the Government, Management and Workers to recognise that Consultation and Co-operation on a basis of mutual understanding render an essential contribution to the efficiency and producitivity of an undertaking and that progress can only be made on a foundation of good terms and conditions of employment which include security of service and income, also the improvement of workers conditions of service;

3. Desiring to make the greatest possible contribution to the success and prosperity of Kenya;

agree upon the following Charter of Industrial Relations.

1. Agreed Responsibilities of Management and Unions

(i) that the existing machinery for settlement of disputes should be utilized as quickly as possible;

(ii) that both sides undertake to settle any or all industrial disputes at the appropriate level and according to the procedure laid down hereafter;

[107] Now Central Organisation of Trade Unions (C.O.TU.)

(iii) that affirming their faith in democratic principles, they agree to settle all future differences, disputes and grievances by mutual negotiation, conciliation and voluntary arbitration or strikes or lockouts as a last resort;

(iv) that there should be no strike or lockout without notice;

(v) that neither party shall have recourse to intimidation or victimisation or conduct contrary to the spirit of this charter;

(vi) that they undertake to promote maximum co-operation in the interests of good industrial relations between their representatives at all levels and abide by the spirit of agreements mutually entered into;

(vii) that they undertake to observe strictly the grievance procedure outlined in the Recognition Agreement which will ensure a speedy and fully investigation leading to settlement;

(viii) that they will educate the management personnel and employees regarding their obligations to each other for the purpose of good industrial relations;

(ix) that they respect each other's right to freedom of association;

(x) that they will deal promptly with all correspondence that arises between them.

2. Management Agree

(i) to recognise the Union appropriate to its particular industry and to accord reasonable facilities for the normal functioning of the Union in the undertaking;

(ii) to discourage such practices as
(a) interference with the rights of employees to enrol or continue as Union members,

(b) discrimination, restraint or coercion against any employee because of recognised activity of trade unions,

(c) victimisation of any employee and abuse of authority in any form,

(d) abusive or intemperate language, and

(e) generally to respect the provision of I.L.O.

Convention No. 98.

(iii) to take action for (a) settlement of grievances and (b) implementation of settlements, awards, decisions and orders, as speedily as possible;

(iv) in cases of misconduct to distinguish between misdemeanours justifying immediate dismissal and those where discharge must be preceded by a warning, reprimand, suspension or some other form of disciplinary action and to arrange that all such disciplinary action should be subject to appeal;

(v) that every employee has the right to approach management on personal problems and agree always to make accredited representatives available to listen to the day-to-day problems of employees;

(vi) to impress upon their staffs the contents of this charter and to take appropriate action where management inquiries reveal that the spirit or contents of this charter have been contravened and to give full publicity on their Notice Boards to this Charter;

(vii) to discourage any breach of the peace or civil commotion by employers or their agents.

3. Union(s) Agree

(i) Not to engage in any activities which are contrary to the spirit of this Charter;

(ii) to discourage any breach of the peace or civil commotion by union members;

(iii) that their members will not engage or cause their employees to engage in any union activity during work hours unless as provided for by law or by agreement;

(iv) to discourage such practices as (a) negligence of duty, (b) careless operation, (c) damage to property, (d) interference with or disturbance to normal work, and generally to respect the provisions of I.L.O. Convention No. 98;

(v) to take action to implement awards, agreements, settlements and decisions as speedily as possible;

(vi) that where strike or lock-out action occurs essential services (the cessation of which would cause injury to humans or animals) shall be maintained, but the employees concerned shall not be called upon to perform any other duties than the maintenance of the service concerned;

(vii) to display in conspicuous places in the Union offices the provisions of this Code and to impress upon their officers and members the contents of this Charter and to take appropriate action where Union inquiries reveal that the spirit or contents of this Charter have been contravened;

....

EMPLOYMENT POLICY

The provisions of the I.L.O. Convention adopted June, 1962, Article 14, shall apply as follows:-

1. It shall be an aim of policy to abolish all discrimination among workers on grounds of race, colour, sex, belief, tribal association or trade union affiliation in respect of:-

a) labour legislation and agreements which shall afford equitable economic treatment to all those lawfully resident or working in the country;

b) admission to public or private employment;

c) conditions of engagement and promotion

d) opportunities for vocational training

e) conditions of work;

f) health, safety and welfare measures;

g) discipline;

h) participation in the negotiation of collective agreement;

i) wages rates, which shall be fixed according to the principle of equal pay for equal value in the same operation and undertaking.

2. All practicable measures shall be taken to abolish, by raising the rates applicable to the lower-paid workers, any existing differences in wages rates to discrimination by reason of race, colour, sex, belief, tribal association or trade union affiliation.

3. Workers from one country engaged for employment in another country may be granted in addition to their wages, benefits in cash or in kind to meet any reasonable personal or family expenses resulting from employment away from their homes. This is to apply in cases of special skills not available locally.

4. The foregoing provisions of this Article shall be without prejudice to such measures as the competent authority may think it necessary or desirable to take for the safeguarding of motherhood and for ensuring the health, safety and welfare of women workers.

STRIKES AND LOCK-OUTS

It is agreed that in future the Federation of Kenya Employers on the one hand and the Kenya Federation of Labour on the other hand, shall discourage and seek to bring to an end any strike or lock-out which may arise from or be caused by any question, differences or dispute, contention, grievance or complaint with respect to work, wages or any other matter, unless and until the following steps have been taken and these shall have failed to settle such question of difference, etc.

(i) the matter in dispute shall first of all be considered by the appropriate machinery as set out in the Recognition Agreement:

(ii) failing settlement at Joint Industrial Council such dispute shall be reported forthwith by the parties concerned therein to their representative National

Officials and be immediately jointly dealt with by them either by invoking Joint Disputes Commission procedure or by reference to the Labour Commissioner.

INTIMIDATION

It is hereby agreed that employees and management shall enjoy adequate protection against any acts of interference by each other or each other's agents or members. Such protection shall apply more particularly in respect of such acts as:-

a) will make the employment of individual employees subject to the condition that he shall or shall not join a union;

b) the dismissal of an employee by reason of union membership or acts of participation in Union activities outside working hours or with the consent of the employer within working hours;

c) the drawing up, issuing or publication of discriminatory lists or any action which will prevent a supervisor or shopsteward from carrying out his normal functions.

JOINT CONSULTATION

Management and employees recognise that consultation and co-operation on the basis of mutual confidence render an essential contribution to the efficiency and productivity of an undertaking and also contribute to the social and economic well being of all.

It is therefore agreed that:-

i) full support will be given by both parties to the constitution and the regulations of the National Joint Consultative Council and to all other freely negotiated joint machinery set up under the Recognition Agreement in the various industries throughout Kenya;

ii) encouragement shall be given to voluntary agreements between the parties.

iii) management shall take appropriate measures to facilitate the proper functioning of joint machinery by making available facilities for meetings and in appropriate cases the staff essential thereto. It shall also allow representatives of the employees the necessary time within reason to attend such meetings without loss of pay;

iv) it is clearly understood, however, that the employees' representatives not being full-time paid officials of the Union, are first and foremost employees of industry and as such their first and prime responsibility is to carry out the duties assigned to them as employees of their employer company during working hours;

v) a) that means should be readily available whereby any questions which may arise affecting all employees or any category of employees, covered by the Agreement can be fully and promptly considered with a view to a satisfactory settlement.

b) that the recognised procedure covering negotiations and discussions between both parties should be so far as is practicable fully known and understood by the employees and by all members of management,

c) that an essential factor in successful negotiations and discussions is the clear statement or report of the issues involved and of the resulting decision after mutual agreement between the parties.

....

CONCLUSION

Both the Federation of Kenya Employers and the Kenya Federation of Labour agree to observe and abide by this Charter of Industrial Relations.

SIGNED: Sir Colin Campbell
For and on behalf of the Federation of Kenya Employers

P. F. Kibisu
For and on behalf of the Kenya Federation of Labour

T. J. Mboya
MINISTER FOR LABOUR

A P P E N D I X B

AN EXTRACT FROM THE CURRENT UNION-COMPANY AGREEMENT IN THE TEXTILE FIRM

Memorandum of Agreement between the "Textile Firm" and the Tailors and Textile Workers' Union.

In the matter of other Terms and Conditions of Service and Wages:

- Probationary Period: The first two months of engagement shall be treated as probationary period. During this period services of an employee shall be terminable by one days' notice or pay in lieu, given by either party terminating the employment.

- Hours of Work: The working week shall be 45 hours provided that, except in the case of shift work, an employee's normal working hours shall be eight hours per day on a five days of the week and five hours on one day of the week. An employee is entitled to no less than 1½ rest days in each week.

- Overtime: Overtime shall be paid in the following manner :-
  - (a) For time worked between Monday and Saturday in excess of the normal working hours per week specified in para two of this agreement at one-and-half the basic hourly rate.
  - (b) For time worked during Sundays and Gazetted Public Holidays, at twice the basic hourly rate.

- Housing: Every employee who is not provided with free housing accommodation shall be entitled in addition to the basic monthly wages to appropriate housing as follows:

  (i) (a) Nairobi Males Sh. 40/-
      (b) Nairobi Females Sh. 26/-

(ii) (a) Thika Males Sh. 35/-
(b) Thika Females Sh. 23/-

- Annual Leave: After 12 months continuous service an employee will be ebtitled to 24 consecutive days leave with full pay (excluding any statutory Public Holidays which may fall within the leave period).

- Leave Travelling Allowance: An employee entitled to Sh. 60/- leave travelling allowance.
An employee may opt to work rather than take an annual leave. In such a case, he will be properly compensated for his foregoing of the leave, but will not receive travelling allowance.

- Sick Leave: After completion of the probationary period, and subject to production of a medical certificate of incapacity covering the period of sick leave, an employee shall be entitled to sick leave with pay in any one sick year as follows:-

(a) First 3o days with full pay
(b) Next 15 days with half pay
(c) An employee shall not be liable for sick leave in respect of any incapacity due to gross negligence on his own part.

- Discipline:

Warning: Any employee whose work or conduct is unsatisfactory or commits an offence which in the opinion of the employer does not warrant instant dismissal shall be warned in the following manner:

(a) The first and second warnings will be recorded on workers' employment record and the shop-steward advised.
(b) If any employee with two warnings recorded on his/her record card commits a third offence within 365 consecutive days from the date of the second warning he/she will be liable to instant dismissal.

(c) If an employee completes 365 consecutive days from the date of the last warning, without any further offence, all warnings recorded on his/her card will be cancelled.

(d) If an employee refused to accept the warning the shopsteward shall be called to witness and if he refuses to accept it in the presence of the shopsteward, he shall be given one month's notice to terminate his/her employment.

- Termination of Employment: After the probationary period has expired, one month's notice or pay in lieu of notice will be given by either party to terminate employment.

- Maternity Leave: Women employees shall be entitled to maternity leave ....

- Incentive Production Bonus: Both the Union and management agree in principle for the introduction of a production bonus scheme to be agreed by both parties.

- Protective Clothing and Uniform: Protective clothing shall be provided to the employees in accordance with the Factory Inspector's recommendation. Uniform shall be provided to watchmen, drivers' mates, and office messengers, and they shall remain the property of the company. The company will provide one bar of soap per month for cleaning purposes.

- Night Transport for Workers: Free transport shall be provided for all employees who are required to begin a work shift or work overtime between the hours of 8 p.m. and 4 a.m. and who live outside a radius of one mile and not more than 6 miles from their places of employment.

- Gratuity: A gratuity Scheme shall be inaugurated which shall also take into account the past continuous service of employees up to a maximum of 10 years as from the effective date of this award. The scheme shall not take into account any service subject to the introduction of the National Provident Fund Scheme. The gratuity will only be paid on retirement and not when an employee resigns or is discharged.

Gratuity shall be calculated on the following basis:-

(a) Under 6 years of service - 10 days basic wage per completed year of service.

(b) Over 6 years of service - 15 days basic wage per completed year of service.

(c) On completion of 1 year's service, a part of any subsequent year in excess of 6 months will count as a completed year of service for the purpose of the above payment.

....

- Wages: Wages schedule and job-classification (Knitting and Spinning).

Basic minimum wages will be as set under:

- Group 1: Turner, Folder, Trimmer, Oilman, Ironer, Packer, Cutter (by ahand or machine), sanitary attendant, Stamper, Doorman, Layer, General Labour, Driver's Mate, Watchman, Trainee (machines) for 12 months, Hand Sewer .... Sh. 185/-

- Group 2: Knitting Machine Feeders, Boiler Attendant, Dyer Attendant, Office Cleaner/Messenger, Calender Machine Operator, Winder, Knitter by hand/power, Linkers, Recorder, Sewing Machine Operator ...... Sh. 220/-

- Group 3: Cutter to Pattern, Assistant Maintenance, Artisan by Experience or Grade III, Knitting Machine Attendant, Junior Clerks, Light Vehicle Drivers not exceeding 4,000 lbs. tare weight, ... Sh. 250/-

- Group 4: Charge Hand/Headman, Telephone/Receptionist, General Clerks, Salesman Grade II or exceeding 4,000 lbs. tare weight or less than 8 tons .... Sh. 420/-

- Group 5: Grade I artisan, Foreman, Book-keeper and Senior Clerks, Salesman Driver .... Sh. 420/-

- Wage Increase: All employees currently in employment will receive a general wage increase of Sh. 25/- after either being elevated to the new basic minimum wages of their respective grouping or by way of general increase whichever is greater, except that ... no employee shall receive less than 25/- increase. This increase shall last for 18 months from the effective date of this agreement ...."

- Wages Schedule and Job Description (Weaving, Dyeing and Finishing)

- Group 1: Weft/Bobbin Carrier, Magazine Filler, Weft Cutter, Oilman, General Labour, Cloth Carrier, Bean Carrier, Smashmenders, Box Doffers, Creelmen, Back Sizers, Drawer, Warp Knotter, Helper, Switcher, Bale Press Helper, Labeler, Stender Helper, Dye Jig Helper, Cleaners and all Trainees (machine) for 12 months, Driver's Mate .... Sh. 180/-.

- Group 2: Warper, Warp Knotter, Loom Operator (8 Auto Looms) Pirn Winder (12 Spinders), Cloth Inspector, Dye Jigs Operator, Sewing M/C Operator, Padder Operator, Stenter Operator, Folding M/C Operator, Baleman Recorder, Boiler Attendant and Machine Cleaners .... Sh. 205/-

- Group 3: Weavers (16 Auto Looms), Prim Winder Operator (24 Spindles), Dye Weigher/Mixer, Junior Clerk, Lift Vehicle Driver not exceeding 4,000 lbs. tare weight, Loom Memnders and Artisans by experience or Grade III .... Sh. 235/-

- Group 4: Loom menders and Artisans by experience Grade II, Charge Hand, Headman, Telephone/Receptionist, General Clerks, Salesman, Quality Controller, Heavy Vehicle Driver exceeding 4000 lbs tare weight and not less than 8 tons, Pirn Winder Operator (36 Spinders), Copy Typists .... Sh. 330/-

- Group 5: Loom Menders and Artisans by experience or Grade I, Dresser, Foreman, Book-keeper, Senior Clerks, ... Sh. 420/-

- Wage Increase:

All employees currently in employment will receive a general wage increase of Sh. 25/- after either being elevated to the new basic minimum wages of their respective grouping or by way of general increase whichever is greater except that no employee shall receive less than Sh. 25/- increase. This increase shall last for 18 months from the effective date of agreement when another general increase of Sh. 25/- shall be given to run for further 18 months from that date.

AN EXTRACT FROM THE CURRENT UNION-COMPANY AGREEMENT IN ANOTHER TEXTILE FIRM OPERATING IN THIKA

......

- Wages:

(a) The following shall be the minimum wages per month (excluding housing allowance) with effect from 1st June 1974 to run for 27 months):

CLASS:	A	B	C	D	E	F	G
KSHS:	204.	218	234	270	316	380	495

(b) Female employees shall be paid eighty-seven ($87\frac{1}{2}\%$) and a half per cent of the wages payable to the make male employees.

(c) Wage Increase: Every employee shall get an increase which is not less than 20% for groups A-D, and not less than 15% for groups E-G.

(d) Increases will be given with effect from 1st June 1974 because of inflation, otherwise the whole agreement is effective from 1st September, 1974. Effective duration is 24 months.

- Sick Leave: After the completion of probationary period an employee shall be entitled to 25 days sick leave with full pay and subsequent 25 days with half pay.

- ....

APPENDIX C

AN EXTRACT FROM THE CURRENT UNION-COMPANY AGREEMENT
IN THE ENGINEERING FIRM

......

- Scope of Agreement (Preamble): The current agreement shall be observed in respect of employees of Association members other than those who are excluded by the terms of the current agreement between COTU and FKE on confidential, supervisory and managerial staff ....

- Definition of Employee:
  It is understood and agreed that the word "employee" in this agreement shall cover all employees who are represented by this Union, and it shall mean both males and females unless specifically stated otherwise. It is appreciated, however, that there may be other employees who are not Union members.

  ......

- Probationary Period:
  The probationary period shall be three calendar months. During the period of probation the employment may be terminated by the giving of seven days' notice by either party or by the payment of an equivalent amount of wages in lieu thereof.

- Working Hours:

  (a) Employees other than security staff: Employees normally shall be required to work a total of forty-five hours per week ......

(b) Security Staff: Watchmen working 12-hours shifts will be classified in Group 5 and will receive the agreed monthly rate for Group 5 for a 72-hour week.

Watchmen on a special roster working 8-hour working shifts will be classified in Group 6 and will receive the agreed monthly rate for Group 6 and for a 56-hour week.

Gate keepers working an 8-hour day will be classified in Group 6.

- Overtime:

(a) Employees other than Security Staff: The following overtime rates will apply:

- Weekdays and Saturdays:	Time and a half (i.e. hourly rate plus one-half of hourly rate).
- Sundays:	Double time (i.e. twice hourly rate).
- Gazetted Public Holidays:	Double time and in addition will either be paid for the holiday or be given a paid day off in lieu of the holiday.

Provided that an employee who completes his normal working day and is then required to stay on should be granted over time without the hours for the week being taken into account.

(b) Security Staff: Overtime shall be paid when a member of the security staff works on his "rest-day" or on a Public Holiday.

- Safari Allowance: When an employer is required to travel on Safari on company's business he is entitled to the following allowances:

Breakfast	Sh. 3/-
Lunch	Sh. 5/-
Dinner	Sh. 7/-
Night Stop	Sh.15/-

Providing:

(a) There is a stoppage of work in order to eat the meal during the safari.

(b) An employee starting a safari after 6 a.m. and finishing before 7 p.m. will not be entitled to breakfast or dinner allowance (IF THERE IS NO NIGHT STOP).

- Notwithstanding the provision of paragraphs (a) and (b) above, Safari Food Allowance and Night Stop Allowance shall cease to be payable to employee for absence on duty away from his base of employment in excess of 10 consecutive days.

- <u>Temporary Transfer Allowance - for site work and outside Contract Work</u>

While an employee is travelling to or from his location of temporary transfer he will be entilted to Safari Allowance. On arriving at his destination he will receive a Temporary Transfer Allowance every month of Sh. 300/-. Temporary Transfer Allowance will not be payable at the same time as Safari Allowance.

The Safari Allowance and the Temporary Transfer Allowance is payable other than in circumstances where the employer makes provision for the employed and/or board or where no expenditure is incurred. Where the employer is involved in lesser expenditure than the amounts stipulated then the lesser amount shall be reimbursed.

- <u>Shift Differential</u>: Where a company operates a three 8-hour shift roster employees on the night shift shall receive in addition to their normal earnings a Night Shift Allowance of cents 15 (fifteen) per hour for hours worked on the night shift.

Where a company operates a two 12-hour shift roaster employees on the night shift shall receive in addition to their normal earnings a Night Shift Allowance of cents 15 (fiteen) per hour for eight of the hours worked and the remaining 4 (four) hours of the shift shall qualify for overtime rates.

- Annual Paid Leave: Eighteen working days leave excluding Gazetted Public Holidays will be granted on completion of each twelve months' service and this will be taken at the company's convenience.

  Saturdays shall be counted as a working day for leave purposes, whether it is normally worked or not.

  Annual leave should be taken on the anniversary date of engagement of a worker subject to the employers convenience.

  - Notes: Neither the interests of employees nor employers are served by making cash payments in lieu of annual paid leave.

- Compassionate Leave: An employee shall be given compassionate leave or leave of absence at the discretion of the company. Such leave, which shall not be unreasonably refused or unnecessarily delayed, shall not normally be paid.

  - Notes: Absence from work for the purpose of religious observance may be treated under this heading.

- Sick Pay: An employee who is unable to carry out his duties by reason of sickness, shall be entitled in any period of twelve months to full-pay for a period of forty-five days and half-pay for a further period of forty-five days in any one sick-year; provided that the employee produces a bona fide medical certificate testifying to the need for such absence.

- Maternity Leave: A female employee shall be entitled to have the balance of the sick leave entitlement granted as maternity leave ....

- Overalls and Aprons: All employees excluding clerks, labourers, gardeners and yeard cleaners will be issued with 2 pairs of overalls to be replaced as and when necessary but not earlier than 12 months. Labourers will be issued with aprons whilst gardeners and yard cleaners will not be issued with any form of protective clothing.

  An employee found not wearing his overall or apron as the case may be, without good reason on more than three occasions in any one month, shall forfeit his right to the overalls or apron.

- Laundering of Uniforms and Overalls: Employees provided with clothing shall be issued with one kilo of washing soap per month.

- Protective Clothing: An employee who is required to wear protective clothing shall be issued with such by the company. Protective clothing will be as laid down by the Factory Inspectorate although the company reserves the right to specify additional protective clothing in the interests of its employees.

- Termination of Service: Employment may be terminated by either party by the giving of one month's notice in writing or by the payment of an equivalent amount of wages in lieu thereof. This clause shall not apply in respect of casual labour, employees on probation and, shall not be derogate the right of the employer to terminate the employment for lawful cause as defined in Chapter 226, Sec. 49 of the Laws of Kenya.

  - Notes: Reference to the Employment Act is merely a guide; this law does not apply to employees of Association members.

- Promotion: Where vacancies of a promotional nature arise the company agree to give first priority to existing employees, taking into account such considerations as relative ability, experience, qualification and length of service.

- Medical Benefits: Free medical treatment for employees, this to exclude dental, surgical or opthalmic treatment.

  - Notes: The National Social Security Fund (Hospital in-Patients) Regulation 1971 - Legal Notice 171 dated 13th August 1971 introduced free hospital in-patient treatment for all Fund members with effect from 1st October, 1971.

- Retirement Benefits:

  Gratuity:

  (a) A gratuity for long service employees who are ineligible to join the Provident Fund Scheme is to be calculated as follows:-

After 1 to 5 years service - 1 weeks' pay for each completed year.

After 5 to 10 years service - $1\frac{1}{2}$ weeks' pay for each completed year

After 10 years service - 2 weeks' pay for each completed year.

(b) A gratuity for long service employees who joined the Provident Fund, but due to age, do not qualify for such benefit and who have served many years with a company will be calculated in accordance with the following rules:

1. Employees who have already left the service of the Association shall not be deemed within the scope of this agreement.

2. The only service catered for under this agreement will be the service prior to July, 1963 or when the individual company's provident fund was introduced.

3. The formular for calculating this payment shall be same as that introduced by the Conciliation Agreement in respect of employees ineligible to join the Provident Fund '(See (a) above).

4. The starting date would be 1st July 1945

5. An employee who is entitled to a benefit under the gratuity scheme as above should be entitled to it if he loses his employment for any reason other than on resignation or on disciplinary grounds.

- Warning Letters: Without prejudice to the employers' normal rights to terminate the employment of an employee who is guilty of an offence other than gross misconduct or other cause for dismissal may be given a warning in writing. The employee shall be free to make an appeal against such warning in accordance with the procedure laid down in the Recognition Agreement. An employee who receives two such warnings would be such to instant dismissal on the third offence. Warnings will remain valid for a period of one year from the date of issue.

- Notes: Such warning letters serve to confirm a warning delivered verbally by a Branch Manager, departmental head or person of similar responsibility.

Although it is beneficial to communications if a shopsteward is present when a letter is handed over the occasion should not be used to usurp the established grievance procedure.

Sample letters for use under these circumstances are as follows:-

- First Warning Letter:

Dear Sir,

With reference to your conversation with .... This is to confirm that on .... you committed the offence of .....

You should take note that should you commit a further offence, you may be liable to discharge.

Any request for a discussion with regard to this warning should be made within seven days of receipt of this letter.

Yours faithfully,

- Second Warning Letter:

Dear Sir,

With reference to your conversation with .... this is to confirm that on .... you committed the offence of ......

A previous warning letter was sent to you on .... You should, therefore, take note that should you commit a further offence, you will become liable to discharge.

Any request for a discussion with regard to this warning should be made within seven days of receipt of this letter.

Yours faithfully,

- Other Offences:

Dear Sir,

With reference to your conversation with .... this is to confirm that the management has received reports on your unsatisfactory work/conduct.

You You should take note that a further report will be called for in .... weeks' time, and unless a marked improvement is noted, we shall have no laternative but to dispense with your services.

Any request for a discussion with regard to this warning should ebe made within seven days of receipt of this letter.

Yours faithfully,

- Redundancy:

(a) Definition: For the purpose of this Agreement, redundancy shall mean loss of employment through not fault of the employee.

(b) Alternative Employment: In an effort to avoid redundancy the company will endeavour to arrange suitable alternative employment within the company. This employment wmay not be of the same grade. If alternative employment is not acceptable to the employee concerned, he will be classified as redundant and therefore eligible for entitlements outlined in clause (f).

(c) Consultation: When cases of redundancy arise, the method of dealing with the problem should be discussed with the Union before any action is taken.

(d) Selection of Redundant Employees: In deciding which employees shall be declared redundant the company will assess the relative merits and ability of the affected employee, but when these factors are equal the discharge will be on basis of seniority. Membership or non-membership of the Union will bot be a factor.

(e) Re-engagement: Redundant employees shall be given priority in consideration for re-engagement by the company should a vacancy arise.

(f) Entitlement of Redundant Employees: In the event of an employee being declared redundant he shall be entitled to:-

(i) One month's notice or pay in lieu of notice

(ii) Payment of wages, overtime and any other remuneration which may be due to him calculated up to the date on which he ceases.

(iii) Pro rata Leave: In cases of termination of s service on grounds of one year's unbroken service the employee shall be entitled to payment for the number of working days proportionate to his leave earning service with the employer.

(iv) Two weeks' pay for every completed year of service provided that where the employee is entitled to a benefit under either a Provident Fund or a Gratutity Scheme, then he should get only one benefit which is more advantageous to him.

- Wages: w.e.f. 1st September, 1974

Wages (consolidated) may be paid at monthly, fortnightly or weekly intervals as agreed, in arrears, at the following rates:

Group 8	Sh.2.27 per hour	=	Sh. 442.65 per 195 hour month
Group 7	2.29 per month	=	446.55 per 195 hour month
Group 6	2.37 per month	=	462.15 per 195 hour month
Group 5	2.53 per hour	=	493.35 per 195 hour month
Group 4	2.67 per hour	=	520.65 per 195 hour month
Group 3	3.12 per hour	=	608.40 per 195 hour month
Group 2	3.84 per hour	=	748.80 per 195 hour month
Group 1	4.87 per hour	=	949.65 per 195 hour month

- Clerical:

Group E	Sh. 2.57 per hour	=	Sh. 501.15 per 195 hour month
Group D	2.97 per hour	=	579.15 per 195 hour month
Group C	3.67 per hour	=	715.65 per 195 hour month
Group B	4.67 per hour	=	910.65 per 195 hour month
Group A	5.42 per hour	=	1056.90 per 195 hour month

It was agreed to increase wages by an ex gratia payment equivalent to 25 cents per hour to all grades for the months of July and August, 1974.

An increase on these rates of 25 cents per hour (48.75 per month) will be paid with effect from 1st September, 1975.

Note: Wages are consolidated; there is no provision for either housing or a house allowance.

A P P E N D I X   D

MEMORANDUM OF AGREEMENT

BETWEEN

ENGINEERING AND ALLIED INDUSTRIES EMPLOYERS' ASSOCIATION

AND

KENYA ENGINEERING WORKERS' UNION

<u>In the Matter of Recognition and Negotiating Procedure</u>

The parties of this agreement, meeting together in free and voluntary association have determined:

(a) to regulate the relations between them in the interests of mutual understanding and co-operation;

(b) to ensure the speedy and impartial settlement of real or alleged disputes or grievances;

(c) to secure a more detailed appreciation by members of both sides of the industry of the reasons underlying decisions taken in the negotiating committee.

1. The Engineering and Allied Industries Employers' Association hereinafter referred to as "the Association) on satisfaction of the conditions set out in this agreement, accords full recognition to the Kenya Engineering Workers' Union (hereinafter referred to as "the Union") provided and so long as it remains reasonably representative of the workers concerned as the sole negotiationg body representing employees in all matters concerning wages and conditions of employment, rates of pay and overtime, including hours of work, methods of wage payment, length of leave, duration of contract and principles of redundancy with the exception of supervisory staff, who, for the purpose of this agreement, shall be defined as "those who exercise confidential, directive,

administrative, representational or supervisory functions, and the lowest level of management to which disciplinary decisions are delegated."

2. The Association undertakes to use its best endeavour to ensure that all the management and supervisory staff of its members are fully aware of the recognition accorded to the Union, and that such members of management and supervisory staff afford such facilities to the officials and representatives of the Union as are mutually agreed as being necessary for the latter to carry out their duties delegated to them as employees of their employer company.

3. The Union for its part undertakes that employee representatives will carry out the duties delegated to them by their employer during their prescribed working hours and that such representatives will not leave their places of work for any purpose in connection with their duties as representatives without the permission of their immediate supervisors. Moreover, it is implicit in this agreement that the members of the Union will wherever it is required under the terms of this agreement, act strictly in accordance with the procedure laid down herein and submit their disputes or grievances, whether real or alleged, through the channels provided for under this agreement.

Security staff will in the event of a strike or other disturbance leading to a stoppage of production, continue to perform their normal duties for the protection of the company's property and assets in the interests of all parties to the Agreement, and the Union agree that they will use their influence to achieve this.

4. As a means of ensuring the widest representation of the workers on negotiating committees and ensuring the adequate

provision of means whereby disputes or grievances of workers can be speedily and impartially dealt with, the Union undertakes to elect annually from amongst its members representatives from each employer company and to appoint from such representatives employee members of the appropriate negotiating body; it is a condition of the election of such representatives that Union members only may be allowed to vote for the candidates who shall be nominated by the Union members of the industry. Election of representatives will be carried out in the presence of an independent supervisor who will be a member of the Labour Department, or such other person as shall be mutually agreed.

5. The Union undertakes, after elections have been carried out in accordance with the provisions of the Trade Union Ordinance 1952 and of this agreement, to present without delay the names of all duly registered Union representatives to the Association and the Association representatives undertake not to enter into negotiation with any individual purporting to represent the Union other than its accredited representatives. The Association will similarly provide the names of its representatives.

6. (a) In all cases, representatives of the Union and representatives of the Association shall be free to express their views without fear that the individual relations between Employer/Employee and Employee/Employer will be affected in any way by expressions made in good faith while acting in a representative capacity.

(b) No representatives of the employees shall be victimised or suffer a reduction in pay for any loss of time in attending to the matters metioned in these Rules or in dealing with grievances, providing that prior permission of the supervisor is in all cases secured before attending to such matters.

7. The Association members reserve the absolute right to engage

or discharge any worker irrespective of his membership of the Union, but undertake not to victimise any worker on account of his membership of the Union.

8. The Union recognises the right mentioned in para 7 above and undertakes not to victimise any worker employees by any member of the Association on account of his non-membership of the Union.

9. The Association and the Union recognise their mutual interest in maintaining a high standard of workmanship and endeavour and recognise the right of the employer to terminate the services of any individual employee in accordance with the terms of his contract.

10. The Association and the Union recognise their mutual interest in securing the highest possible standard of productivity and working conditions, compatible with sound economic principles in the industry and agree to co-operate to this end.

11. The Association undertakes not to interfere with the normal affairs of the Union in any manner whatsoever The Union, on their part, will not attempt to interfere with the normal function of management which gives the employer the sole right to conduct his business and manage his operations in such a manner as he shall think fit and to determine all other matters connected with the business of the employer.

In cases of dispute as to the interpretation of the terms normal functions of management reference shall be made through the agreed dispute machinery.

The Association will consult with the Union on all matters affecting the terms and conditions of service as defined in paragraph 1 of this agreement before making any major change in same.

12. The Association and the Union mutually recognise the desirability of a Works Council in every company, consisting of representative employees of such company and the Union and the Association hereby agrees to co-operate in the setting up of Works Councils.

The function of such Works Councils shall be that of a consultative body to be consulted on such matters as employee services, holiday arrangements, safety measures, social and sports activities, production methods, training and education which are not in normal practice regarded as matters for negotiation between employers and Union.

13. Any correspondence entered into by the Union with the Association will be undertaken by the General Secretary of the Union, or in his absence by the Assistant Secretary or a notified substitute, and such correspondence will be addressed to the Secretary of the Association or an individual member thereof, as appropriate. Any correspondence from the Association to the Union will be addressed to the General Secretary of the Union, his Assistant, or notified substitute.

14. For the purpose of settling issues arising on any of the subjects set out in Clause 1 above the following machinery shall be used.

(a) <u>Local Negotiating Committees</u> to negotiate on local claims and grievances.

These shall mean any claim or grievance affecting any or all the employees or any group of employees of an individual member of the Association.

(i) Such claims or grievances shall, in the first instance, be raised by the shopstward or other representative of the Union with the immediate supervisor of the particular office, workshop, branch or other unit concerned within two days of the occurrence giving rise to the claim or grievance.

(ii) In the event of failure to reach a settlement of the matter at this stage, it shall be referred to a Local Negotiating Committee within three days of such failure.

(iii) Reference to a Local Negotiating Committee shall be effected by a report of the matter being made by the shopsteward or other representative of the Union to the Local Manager of the company. The report shall be in writing and shall give full particulars of the claim or grievance. On receiving such a report the local manager shall within three days convene a Local Negotiating Committee to try to resolve the matter.

(iv) A Local Negotiating Committee shall consist of three representatives nominated by the company and three representatives nominated by the Union. The Branch Secretary of the Union may also attend in an advisory capacity.

All representatives both of the company and of the the Union, other than the Branch Secretary, shall be in the employment of the company.

(v) A quorum for a Local Committee shall not be less than two members from each side. Should a quorum not be present, the meeting shall be adjourned for a period of one week at the same time and place and at such adjourned meeting the persons present shall form a quorum provided representatives of both sides are present.

(vi) A Local Negotiating Committee shall regulate its own procedure and elect its own chairman also secretary/secretaries.

(vii) In the event of failure to reach a settlement of the matter by a Local Negotiating Committee it shall be referred to an Area Negotiating Committee by the Chairman within three days of such failure.

(b) Area Negotiating Committee to negotiate on matters referred up by a Local Negotiating Committee and on collective claims and grievances in a particular area.

These shall mean claims or grievances applicable to no more than one member company of the Association in a particular area but not applicable to members of the Association countrywide.

Area Committees shall have no power to vary or rescind any agreement reached by the Joint Industrial Council.

(i) Application to convene an Area Negotiating Committee shall be made by the Secretary or Branch Secretary(s) of the Association to the General Secretary or Branch Secretary(s) of the Union or vice versa and shall contain a report in writing of the matter for negotiating. The Area Negotiating Committee shall be convened within ten days of the receipt of such application to try and resolve the matter.

(ii) An Area Negotiating Committee shall consist of four representatives nominated by member companies of the Association in the particular area and four representatives nominated by the Union of whom not less than three shall be in the employment of member companies of the Association in the area.

(iii) A quorum of an Area Negotiating Committee shall be not less than three on each side. Should a quorum not be present the meeting shall be adjourned for a period of one week at the same time and place and at such adjourned meeting of which written notice shall have been given by the Association Secretary, the persons present shall form a quorum provided representatives of both sides are present.

(iv) An Area Negotiating Committee shall regulate its own procedure and elect its own Chairman, also Secretary/Secretaries.

(v) No resolution of the Area Negotiating Committee shall be regarded as carried unless it has been approved by a majority of the members present on each side.

(vi) In the event of failure to reach a settlement of the matter by the Area Negotiating Committee it shall be referred to the Joint Industrial Council or by mutual agreement direct to the FKE/KFL National Joint Consultative Council in cases of emergency by the Chairman within seven days of such failure.

(c) Joint Industrial Council to negotiate on matters referred up by an Area Negotiating Committee and on all claims and grievances potentially affecting all member companies of the Association countrywide.

(i) A meeting of the Joint Industrial Council shall be called by the Secretary of the Association.

(a) within fourteen days of the receipt of a reference up by an Area Negotiating Committee;

(b) within fourteen days of the receipt of a requisition from the President of the Association or his deputy or the General Secretary of the Union or his deputy provided that such requisition shall state the matter or matters to be discussed and provided such matters are properly referrable to the Joint Industrial Council.

(ii) The Council shall consist of four members nominated by the Engineering and Allied Employers' Association as employer representatives and four members nominated by the Union as employees' representatives.

(iii) Meetings shall normally be held at the premises of the Employers during working hours.

(iv) Three members from the Association and three members from the Union shall form a quorum. If within half an hour after the time appointed for a Council Meeting a quorum be not present the meeting shall stand adjourned for a period of one week at the same time and place and at such adjourned meeting of which written notice shall have been given by the Association Secretary, the persons present shall form a quorum, provided representatives of both sides are present.

(v) No resolution of the JointIndustrial Court shall be regarded as carried unless it has been approved by a majority of the members present on each side.

(vi) Subject to the provisions of this Agreement the Joint Industrial Council shall regulate its own procedure and elect its own Chairman and appoint its own secretary or secretaries.

(vii) The Joint Industrial Council may set up such Area Negotiating Committees as it may deem necessary, the functions and composition of which shall be in accordance with the procedure for such committees.

(viii) The Association and the Union shall be responsible for the expenses of their respective members attending meetings of the Joint Industrial Council but all other expenses of the Council shall be met by the two sides in equal proportion.

(ix) A majority vote on each side of a full Council must be obtained to vary, alter or rescind any Article of this constitution.

(x) Failure to Reach Agreement at Joint Industrial Council

In the event of failure to reach a settlement at the Joint Industrial Council on any matter that has been referred to it either party may report the matter to:

(a) The FKE/KFL National Joint Consultative Council

or

(b) The Labour Commissioner in accordance with the laws of Kenya.

(xi) No lock-out, strike or other action to hinder the operation of the business of any member employees of the Association on a matter which has been or should have been referred to the Joint Industrial Council shall take place until:

(a) deadlock has been reached in either both of the procedures referred to in paragraph (x) above

and

(b) after such deadlock twenty-one days strike or lock-out notice in writing by registered letter has been given and has elapsed

and

(c) such lock-out notice shall be given by the secretary of the Association to the General Secretary of the Union and such strike notice shall be given by the General Secretary of the Union to the Secretary of the Association and a copy of such notice shall be sent to the Labour Commissioner.

15. Procedure on Disciplinary Matters

Any employee of the company who has been dismissed or upon whom a penalty has been imposed in respect of a disciplinary matter shall have an industrial right of appeal to Management at General Manager level. In presenting such an appeal he shall be entitled to the assistance of any co-employee of the company he may choose who may or may not be a member of the Union. as he may decide. The decision of the General Manager on the hearing of such an appeal shall be final.

PROVIDED ALWAYS THAT if prima facie evidence of a substantial nature is produced that the dismissal or penalty amounted to victimisation of the employee on the grounds of his membership of the Union the matter may be referred to the Negotiating Machinery set out in Clause 14 hereof.

In the event of a difference of opinion as to whether prima facie evidence of a substantial nature has been produced, the matter shall be referred to an officer of the Labour Department whose decision on the issue, whether such evidence has been produced, shall be final.

16. The Association and the Union recognise the advantages accompanying a full appreciation of the agreements reached by both sides through the medium of the appropriate negotiating machinery or otherwise, and to this end agree that all such agreements shall be committed to writing and adequate copies made available for the distribution to the Association and the Union.

17. The officers of the Union and of the Association and the elected Union representatives accept responsibility for compliance by their members with the procedure laid down herein and agree to take all possible steps to prevent any action taken by their members which is at variance with the

provisions of any other negotiated agreement, or the Law.

18. This agreement shall come into force on the tenth day of June, 1960.

In the event of the Union or the Association wishing to vary, alter or rescind any rules of this Agreement, one clear month's notice shall be given in writing and an amendment shall not be valid unless and until it has been adopted by the Association and the Union.

19. This agreement may be terminated by either party on giving six months notice in writing of intention to terminate.

20. Whilst it remains in force, the observance of this agreement is a condition of the continued recognition of the Union by the Association under this memorandum of agreement.

SIGNED on behalf of the Association by W.H.D. Keymer in the presence of W. A. Cardew	SIGNED on behalf of Kenya Engineering Workers Union by J. Akama the duly elected General Secretary of the Said Union, in the presence of M. Odhiambo

DATED AT Mombasa this tenth day of June, 1960."

G R I E V A N C E   P R O C E D U R E

AN INTERPRETATION OF CLAUSE 14(a) OF THE MEMORANDUM OF AGREEMENT BETWEEN THE ENGINEERING AND ALLIED INDUSTRIES EMPLOYERS ASSOCIATION AND THE KENYA ENGINEERING WORKERS' UNION AGREED AT A LOCAL NEGOTIATING COMMITTEE BETWEEN THE "ENGINEERING FIRM" AND THE THIKA BRANCH OF THE KENYA ENGINEERING WORKERS' UNION, ON THE 4TH FEBRUARY, 1966

Both parties have agreed that this is desirable in the interest of maintaining good industrial relations to interpret clause 14 (a) of the memorandum of Agreement between the Engineering and Allied Workers' Union to arrive at a mutually agreed procedure which will facilitate the resolution of disputes and grievances at Branch level. The principles guiding this interpretation are that difficulties should be resolved at as low a level as possible but that procedure should allow for matters to be dealt with within the Branch as simply as possible.

It has therefore now been agreed upon that the following procedure will apply:-

a) Any disciplinary matter arising on the factory floor will in the first instance be referred to the Line or Departmental Foreman by the Chargehand. At this level, if the Union wishes to make representations to the Management is for the Shopsteward to raise the matter with the Foreman concerned, after the Foreman has taken such action as he may consider appropriate.

b) It is hoped that the matter shall be satisfactorily resolved at this stage, but if the Union feels that further representations have to be made to the Management on behalf of one of their members, the correct procedure is for the Chief Shopsteward to raise the matter with the Departmental Superintendent.

   For the purposes of this agreement the Departmental Superintendent will be anyone of the following:-

Branch Accountant
Production Controller
Printing Manager
Branch Engineer
Open Top Factory Superintendent
General Line Factory Superintendent
Press Superintendent
Warehouse Superintendent

c) Any matter which cannot be satisfactorily resolved in the procedure provided for under (b) should then be raised by the Assistant Branch Secretary with the Factory Manager. For purposes of convenience any matter concerning the service functions of Askaris and Cleaning Gang should also be raised direct by the Clerical Shopsteward with the Security Officer.

d) Any matter which cannot be satisfactorily resolved by any of the foregoing procedures should then be raised by the Branch Secretary or his representatives in informal discussions with the Branch Manager or his representatives. Only in the event of no agreement being reached on these various levels will a formal Local Negotiating Committee be convened.

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