

UNIVERSITY OF NAIROBI

DEPARTMENT OF DIPLOMACY AND INTERNATIONAL STUDIES (DDIS)

**KENYA-CHINA BILATERAL RELATIONS IN INFRASTRUCTURE
DEVELOPMENT: A CASE STUDY ON REMUNERATION OF LOCAL
EMPLOYEES**

BY

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DECLARATION

I hereby declare that this research is my original work and has not been presented for any other award.

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ABSTRACT

The employment of workers on casual terms denies them protection by minimum wage standards, social benefits and labor union membership. The Chinese Multinational Corporations (MNCs) operating in the road construction sub sector have been accused of providing inadequate wages and wrongful termination. Disagreements between Chinese enterprises and Kenyan workers have a severe impact on infrastructure development and, as a result, bilateral ties between the two nations.

The study's main objective is to evaluate Kenya-China bilateral relations in infrastructural development: a case study on remuneration of local employees within Nairobi region. The study sought: to determine the influence of Kenya-China bilateral relations on infrastructural development within Nairobi region; to establish the influence of company ownership on the remuneration of local employees under Kenya-China bilateral relations in infrastructure development within Nairobi region; to assess the influence of Kenya-China bilateral relations in infrastructural development on the average level of wages of local employees within Nairobi region. The Liberalism theory, Herzberg two factor theory and the theory of Wage Norms guided the study. A cross-sectional descriptive design was used to provide a clear description of the phenomenon under study.

The study targeted four projects two of which are operated by Chinese companies while the other two are operated by local Kenya indigenous companies. Primary and secondary data was gathered for the study. A questionnaire and an interview guide was utilized to gather primary data. Descriptive statistics were used for the analysis of the quantitative data. A qualitative approach of data analysis was adopted to analyze data collected from the interview guide. Tables and figures were adopted to present the quantitative data while narration format was used to present qualitative data. According to the findings, China's involvement in Kenya's infrastructure has led in the country's development and growth. However, this progress has been followed by a negative effect of Kenya increasing its debt to China.

The study found that the Chinese construction companies remunerated the local employees poorly as compared to the Local construction companies. The findings indicated that the work environment of the local employees in the Chinese companies was poor. The study concludes that Kenya-China bilateral relation on infrastructure projects has an influence on the remuneration of local employees in Kenya.

The study suggested that the government should implement accountability and transparency with reference to the financing borrowed from China. A recommendation made in the study is that the government through COTU should ensure that the labour laws of Kenya are followed by all employers including international companies with subsidiaries in Kenya. The study suggests that research should be conducted focusing on the working environment in Chinese operated projects.

ABBREVIATIONS AND ACRONYMS

| | |
|--------------|---|
| BRI | Belt and Road Initiative |
| CCP | Chinese Communist Party |
| DRC | Democratic Republic of Congo |
| FDI | Foreign Direct Investment |
| GDP | Gross Domestic Product |
| ICT | Information Communication Technology |
| ILO | International Labour Organization |
| KeNHA | Kenya National Highways Authority |
| KNBS | Kenya National Bureau of Statistics |
| KNES | Kenya National Electrification Strategy |
| KURA | Kenya Urban Roads Authority |
| MNCs | Multinational Corporations |
| NCCG | Nairobi City County Government |
| SEZs | Special Economic Zones |
| SGR | Standard Gauge Railway |
| SSA | Sub-Saharan Africa |
| USD | United States Dollar |
| CRBC | China Roads and Bridges Company |
| CCCC | China Communication corporation Company |

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Globalization has led to liberalization of economies particularly the labour markets, capital flow and expansion of bilateral relations between states. According to the study by Zhao,¹ this is evident in the 21st Century with China emerging as a global economic power. This paved way for new opportunities and challenges for underdeveloped nations. The advancement of China as an economic power resulted in its membership at the World Trade Organization (WTO) in December 2001 and its recognition as an industrial power. China set its eyes on Africa and over the last decade, it has entered into trade agreements with majority of the African states including Kenya. Studies by Median,² and Moss,³ indicate that China issued its first significant policy paper on its engagement and ties with African countries in early 2006. The policy's major goal was to strengthen collaboration between the Chinese government and African countries.

A study by Sun et al,⁴ reveals that China's bilateral relations with Africa is not a new phenomenon and has included trade, infrastructure financing, aid and investment. The study indicates that China uses a differentiation strategy that revolves around noninterference policies to African affairs and politics by providing aid without conditions and strings attached. According to Ademola et al,⁵ China has been acknowledged as a leading partner of the African continent, particularly the sub-

¹Zhao, Q. 'Comment, How to Establish Labor Protection Standards for Kenyan Local Workers in Chinese Multinational Corporations.' *Washington International Law Journal*, Vol. 29, No. 2 (2020), p. 463.

²Meidan, Michal. "China's Africa policy: business now, politics later." *Asian Perspective* (2006): 69-93.

³Moss, Beverly C. "The impact of china on social and economic development in Sub-saharan Africa: The case study of Kenya." PhD diss., University of Nairobi, 2015.

⁴Sun, I.Y., Jayaram, K. & Kassiri, O. 'Dance of the Lions and Dragons: How Are Africa and China Engaging, and How Will the Partnership Evolve,' McKinsey & Company (June 2017), p.21.

⁵Ademola, Oyejide Titiloye, Abiodun-S. Bankole, and Adeolu O. Adewuyi. "China-Africa trade relations: Insights from AERC scoping studies." In *the Power of the Chinese Dragon*, pp. 69-97. Palgrave Macmillan, London, 2016.

Saharan Africa (SSA) region. China's trade, aid and investment in the SSA has increased significantly over the last two decades. The study by Ademola et al (ibid) indicates that over the past decade, the Gross Domestic Product of China has grown by 10%. This has resulted in its increased importation of raw materials from Africa ranging from oil, minerals, timber and farm products. The growing interest of China in the SSA is indicated by its share in playing a critical role in trade and economic engagements. China has engaged in bilateral trade with many SSA countries including Kenya.

In 2018, the National Bureau of Statistic report, documented that as the Kenya Government embarked on major infrastructure development mainly in the roads subsector, the Nairobi County provided huge business opportunities for the construction industry.⁶ According to the National Construction Authority (NCA) there are forty-four Chinese firms in Kenya out of which 34 are engaged in construction works particularly road works.⁷ The Chinese government extends infrastructure aid to Kenya with a view to expand its influence and Chinese state-owned enterprises are in the forefront of its engagement in Africa particularly Kenya. Andira,⁸ states that with the capital available to China, these firms are able to dominate the construction industry by winning major international contractors. The MNCs in the construction industry provide job opportunities and livelihoods to a large number of professional practitioners, skilled, semi-skilled and unskilled workforce mainly as construction workers. Chinese MNCs willingly hire Kenyans as they are cheaper and also due to familiarity with the local market.

⁶ KNBS *Economic Survey*, 2018

⁷ [Nca.go.ke/wp.content/uploads/2017/05/construction industry survey.2014.pdf](http://Nca.go.ke/wp.content/uploads/2017/05/construction%20industry%20survey.2014.pdf)

⁸ Andira, Y.M. *The impact of Chinese led infrastructure development on Sino-Africa relations: The case of Kenya*, (2018) UoN, IDIS

In Kenya, the issue of fair employee compensation is a challenge in the implementation stage. The labour laws in Kenya, however, provide for the equal compensation of employees. These laws are leaned towards ensuring the protection of employees over the employer. The Labour Institutions Act⁹ provides for the implementation of a wage council that determines the wages paid to employees. The wage council is responsible for determining the minimum wage that ought to be compensated to all workers to ensure their survival in the economy. Through the General Wages Council, all workers are entitled to a minimum wage with respect to the Labour Institution Act. Despite the fact that the implementation of fair wages in Kenya is poor, the trade unions encourage fair pay of its members by employers. According to Thuita, in his assessment of the enforcement of minimum wage legislation estimated that in Kenya 42% of employees are still paid below minimum wage required by the Labour Institution Act.¹⁰

A study by Brown,¹¹ on the Economics of Labour, shows that the welfare of labour and the economy in general can become efficient if only there is a drive to find the best match between skills, jobs and pay. According to International Labour Organization (ILO) report,¹² the effects of globalization on income inequality depend mainly on wage setting. Talukhabu, postulates that the economic performance of any country mainly depends, among other factors, on foreign investment which has remarkable effect on employment opportunities.¹³ The minimum wage laws and policies in Kenya face limitations in attempts to reduce inequality and poverty. There are, therefore, concerns that foreign owned firms undermine the host governments'

⁹The Labour Institutions Act, no. 12 of 2007.

¹⁰Thuita, Eric Mwangi. "An Assesment of the enforcement of minimum wage legislation in Kenya." PhD diss., Strathmore University, 2017.

¹¹ Brown, E.H.P. *Wage Drift*. The Economics of Labour, (1962).

¹² ILO. '*Changing patterns of work in the world.*' Report of the Director General by International Labour Conference 95th Session (2006), ILO office, Geneva, p. 21

¹³ Talukhabu, A.A. Time and cost performance of construction, UON, MA Thesis (1988), p. 13

minimum wage requirements and thus impact negatively on the welfare of local employees and national economy as a whole. The study will look at the Kenya-China bilateral relations in infrastructure development and its influence on remuneration of local employees of roads construction firms in Nairobi region. Specifically, the study will examine the Kenya-China bilateral relations in infrastructure development with a case study on the remuneration of local employees.

1.2 Statement of the Problem

The construction industry particularly infrastructure development is relatively labour intensive and used by the Kenya government as a source of employment creation. The practice in the construction industry is however that workers can hardly bargain on an equal footing with employers since supply of labour outstrips the jobs available. The minimum wage laws and employment policies in Kenya face limitations in attempts to reduce inequality and poverty. The discontent of workers employed by the Chinese multinational firms has had political ramifications with some leaders using this as selling point during political campaigns. China-Kenya economic engagement also state that there are concerns raised against the foreign firms' negative effects on local workers in the construction industry.

Several studies show that working in the construction industry is a negative image and the lack of self-esteem of the workforce is striking. It is concluded from the foregoing texts that remuneration in form of salaries and wages contribute to the individual employee positive self-esteem and equilibrium of an economy requiring ethical and moral considerations. It is therefore important to give the welfare of workers in the roads sub-sector proper and undivided attention. Studies however shows that the Chinese companies in Kenya offer poor working environments for

Kenyan employees. This implies that there is a need to look into the compliance level of labour systems by Chinese companies in Kenya.

Employment of workers on casual terms denies them protection by minimum wage standards, social benefits and labor union membership. Chinese Multinational Corporations (MNCs) in road construction have been accused of inadequate wages and wrongful termination. Disagreements between Chinese companies and employees from Kenya have a negative impact on the development of infrastructure and, as a result, bilateral ties between China and Kenya.

The existing literature has largely ignored the general welfare of local employees in the construction industry. It is on this background, therefore, that this study seeks to explore the influence of Kenya-China bilateral relations in infrastructure development with a case study on remuneration of local employees within the roads subsector in Nairobi region.

1.3 Objectives of the Study

The main objective of the study is to evaluate Kenya-China bilateral relations in infrastructural development: a case study on remuneration of local employees within Nairobi region.

1.3.1 Specific Objectives

- i. To determine the influence of Kenya-China bilateral relations on infrastructural development within Nairobi region.
- ii. To investigate the influence of company ownership on the remuneration of local employees under Kenya-China bilateral relations in infrastructure development within Nairobi region.

- iii. To assess the influence of Kenya-China bilateral relations in infrastructural development on the average level of wages of local employees within Nairobi region.

1.4 Research Questions

- i. What is the influence of Kenya-China bilateral relations on infrastructural development?
- ii. What is the influence of company ownership on the remuneration of local employees under Kenya-China bilateral relations in infrastructure development?
- iii. What is the influence of Kenya-China bilateral relations in infrastructural development on the average level of wages of local employees?

1.5 Literature Review

This section provides an in-depth review of relevant previous studies on the China-Africa relations, China's Non-Interference Policy, Kenya-China relations and infrastructure development in Kenya.

1.5.1 China-Africa Relations

According to Xu¹⁴, China is an emerging economic and political power that has experienced great change due to the expansion and fast development of international relations. The rise of China, however, has raised a number of questions. This may be attributed to the fact that China pursues a different developmental path and maintains a different political system from the rest of the world. Moreover, the future of China has been described as unpredictable. These differences between China and the rest of the world, has positioned the country as a state of interest particularly by scholars and researchers. Scholars have reached to the agreement that China is a

¹⁴Xu, Yanzhuo. "China and its International Responsibility in Africa." PhD diss., Durham University, 2014.

major economic power, however, its developmental, political and humanitarian effects along with its growth are still controversial. First, it has been acknowledged that China has found it challenging to project itself into the international scene, that is largely dominated by Western countries. This may be attributed to the fact that China has created an image that is different from that of the West and has been referred to as a leader of the developing world with an emphasis on the principles of non-interference, Sovereignty and international democracy. The values espoused by China in its relations with African governments have put it at odds with traditional powers and are seen as threatening the international system established by the West.

It is worth mentioning, however, that the Chinese government has provided an opportunity and paved way for its economic growth using the “going out” policy where it takes active involvement within the international community and abides to the global institutional norms. Consequently, its ambition to be a super power in the world also calls for China to participate constructively in the existing international system. The Chinese government’s hesitation to fully participate in all spheres of international affairs is paradoxical giving it a negative and complex reaction from the current international system. The study by Xu , (ibid)¹⁵ posits that China is still reluctant to transition from an aggressive, hostile and rogue state outside the current international system to an active player and at times a constructive partner in addressing global issues in the international stage.

Martinez, also states that although China is rising, it remains lonely within the international scene that needs diplomatic, economic and political support. The study shows that the developing nations share similar grievances and backgrounds about China’s isolationist nature. This provides a foundation for the development of China’s

¹⁵Xu, Yanzhuo. "China and its International Responsibility in Africa." PhD diss., Durham University, 2014.

clout.¹⁶ Africa, contains the largest number of developing states. This is a traditional arena where China is able to exercise its attention and influence. Over the recent past, Africa has become a topic of debate due to the high involvement of China in developmental projects in the continent.

A study by Gu and Qiu,¹⁷ states that the relations established by China with African nations is mostly associated with infrastructure. In 2013, China introduced the Belt and Roads Initiative (BRI) which was officially launched in 2015. The BRI centers on infrastructure development and involves subsidizing these initiatives through Chinese companies. The study by Gu and Qiu, (ibid) states that the cooperation linkage has increased employment of locals by Chinese companies in Africa.¹⁸ The BRI, However, has attracted criticism for contributing to Africa's debt crisis and preventing achievement of self-reliance. According to a study by Di,¹⁹ a large amount of literature has pointed to China's exploitation of Africa leading to structural underdevelopment, absence of economic growth, corruption, armed conflict, environmental degradation and exploitation of natural and human resources. A study by Kinyondo, also shows that China has used natural resources as collateral for loans thereby trapping some African countries into debt. These countries include Democratic Republic of Congo (DRC), Djibouti, Kenya and Tanzania among others.²⁰

According to Kennedy, the continued investments and engagement of China in African states has paved way for local employees to acquire more skills in

¹⁶ Martinez, Rayna. "Chinese Soft Power, Africa, and the United Nations General Assembly." Thesis, University of Nevada, Las Vegas (2015).

¹⁷Gu, Jing, and Shen Qiu. "The Belt and Road Initiative and Africa's Sustainable Development: A Case Study of Kenya." *IDS Bulletin* 50, no. 4 (2019), p.93

¹⁸Gu, Jing, and Shen Qiu. "The Belt and Road Initiative and Africa's Sustainable Development: A Case Study of Kenya." *IDS Bulletin* 50, no. 4 (2019), p.93

¹⁹Di Montenegro, T.X. China's Interest in Africa: Conflict or Stability? FIU Electronic Theses and Dissertations, (2017), p.34

²⁰ Kinyondo, A. Is China Recolonizing Africa? Some Views from Tanzania, (2019). p. 33

infrastructure development.²¹ However, despite these opportunities, some issues have been raised by the developed countries on the intention of China on whether it would bring challenges or hope for Africa. The term “debt-trap-diplomacy” has been used by Western countries to define the actions of China in Africa. A study by Lopez, postulates that the debt-trap-diplomacy has been evident in African countries such as Kenya where its debt to China has increased exponentially, raising an alarm as to whether, China’s involvement in development benefits or hurts the progress of the country.²² The BRI critics in Africa, perceive the initiative as a neocolonial culture. The China-Africa partnership has been termed by critics as encouraging corruption, lowering standards of governance and indoctrinating the Kenyan population to support the Chinese Communist Party (CCP). Candice,²³ suggests that proponents of the China-Africa cooperation, on the other hand, see the BRI as a prospect for infrastructure development in Africa.

1.5.1 China’s Non-Interference Policy

According to a study by Allen Carlson,²⁴ at the core of international system, the mandate of national sovereignty is to secure the rights of a state to conduct activities and operation independently in the most effective way that benefit its citizens and national wellbeing. Sovereign states were first established under the Treaty of Westphalia in 1648 to protect and secure the rights of states to work

²¹ Kennedy Mwengei, *A Study on the Impact of China's Investments in Africa; the Case of Kenya.* Finance Management. 2013, www.elixirpublishers.com/articles/1364041481_56A (2013) 13706-13714.pdf

²² Begleiter, Andrea Villarnovo Lopez. "The Dragon Stretches Its Wings: Assessing the Geopolitical and Economic Implications of China’s Belt and Road Initiative in Pakistan and Kenya." (2019).

²³ Newcomb, Candice. *The Impact of Chinese Investments on the Kenyan Economy.* Master’s thesis, Chapman University. (2020).

²⁴ Allen Carlson, “Protecting Sovereignty, Accepting Intervention: The Dilemma of Chinese Foreign Relations in the 1990s,” National Committee on United States-China Relations, 2002, 1, [http://www.ncuscr.org/files/3.%20Protecting%20Sovereignty,%20Accepting%20Intervention%20\(18\).pdf](http://www.ncuscr.org/files/3.%20Protecting%20Sovereignty,%20Accepting%20Intervention%20(18).pdf).

independently without interference. In a different study Carlson,²⁵ argues that although the tenets of sovereignty have existed for many centuries, in the modern world, a shift has been witnessed where increased intervention among states is evident. This shift has largely played a role in the adoption of the non-interference principle by China in its relations with other countries.

Historically, China has endured numerous violations of its sovereignty, which may have heightened its protective and hypersensitive posture on non-interference in the internal affairs of other countries. Kaufman,²⁶ states that the years 1839-1949 were designated as China's Century of Humiliation. During this 110-year period, China watched Western nations claiming Chinese treaty ports to satisfy their own requirements while occupying and splitting up the region.²⁷ China was unable to resist the Western powers, highlighting the incapability of its government and military as compared to that of the Western countries. Callahan, on the hand states that the disruptive century experienced by China unifies the country towards attaining a national identity, where China was able to rise above the humiliation by the West.²⁸

Additionally, Dorman,²⁹ argue that territorial disputes within and around the borders of China also fueled its position on the principle of non-intervention. Moreover, the fear China had of separatists threats in Taiwan, Xinjiang, and Tibet also drove the promotion of China into adopting a non-intervention strategy with

²⁵ Carlson, Allen. "More Than Just Saying No: China's Evolving Approach to Sovereignty and Intervention Since Tiananmen." In *New Directions in the Study of China's Foreign Policy*, edited by Alastair Iain Johnston and Robert S. Ross (217–241). Stanford: Stanford University Press, 2006.

²⁶ Alison Kaufman, *The 'Century of Humiliation' and China's National Narratives*, "Testimony before the U.S. China Economic and Security Review Commission, Hearing on "China's Narratives Regarding National Security Policy, March 10, 2011, 2, <http://www.uscc.gov/sites/default/files/3.10.11Kaufman.pdf>

²⁷ Dorman, S. *China's evolving foreign policy in Africa: a new direction for China's non-intervention strategy?*. Naval Postgraduate School Monterey CA. 2014

²⁸ William A. Callahan, "National Insecurities: Humiliation, Salvation, and Chinese Nationalism," *Alternatives: Global, Local, Political* 29, no. 2 (March 1, 2004): 202

²⁹ Dorman, S. *China's evolving foreign policy in Africa: a new direction for China's non-intervention strategy?*. Naval Postgraduate School Monterey CA. 2014

other nations. Notably, outside powers were working together with separatists' movements in China's territory, a motivator for the country to advocate for national sovereignty.

According to Lanteigne,³⁰ the People's Republic of China (PRC) government was established by Deng Xiaping and Mao Zedong to be centralized in the development of its foreign policy. The study shows that within the realm of foreign policy, the position of China on non-intervention remained an important element of the Chinese strategy on foreign policy. Carlson, (ibid) also states that following the cold war, the foreign policy of China shifted towards a highly and limited participation under specific conditions in which multilateral interventions started. As world politics pushed for action, China chimed in, reluctantly supporting the United Nations (UN) resolution criticizing Iraq in 1990.³¹ China's position towards intervention during the Gulf War that began in 1990, took calculated steps in adopting the evolving international political trend. At the time of the first Gulf War, a display of combined disjointedness and trepidation support for China for intervention was witnessed. China initially supported the UN Security Council resolution condemning Iraq's invasion of Kuwait. According to Carlson's analysis (ibid), this decision by China was ascribed to the country's early support of the Gulf War in responding to US pressure and the international community's unanimity in voting targeted at putting a stop to Iraq.³² Following that, China returned to its non-interventionist stance and refrained from participating in further UN resolutions authorizing Iraq to use force.

In the 1990s, the behaviour of China followed the same approach of supporting intervention in the beginning, following sovereignty infringements by the

³⁰ Marc Lanteigne, *Chinese Foreign Policy: An Introduction*, 2nd ed. (London; New York: Routledge, 2013), 18.

³¹ Carlson, *New Directions in the Study of China's Foreign Policy*, 222

³² Carlson, *New Directions in the Study of China's Foreign Policy*, 222

international system. Carlson, on his study on new directions in the study of China's foreign policy indicates that in 1992 China voted for the UN protection Force (UNPROFOR) to ensure the stability of Yugoslavia. China, however, later refrained from voting further to expand the mission scope.³³ The abstaining by China in expanding the scope of the mission was in the fear that the international trend that advocated for intervention was a threat to the foundation of national sovereignty. Following a number of messy trials at intervention across the globe, the international community also slowly abstained from the practice reducing the friction between the Western and Chinese intervention definition. Intervention in the cases of Kosovo and Somalia, refocused the perception of the Western powers towards advocating for human rights through its involvement. Carlson asserts in a subsequent paper on "the conundrum of Chinese foreign affairs in the 1990s" that as a result of the Responsibility to Protect (R2P), the principles of China and Western countries would cross paths.³⁴

According to the UN,³⁵ The implementation of R2P called for each state's responsibility to protect its inhabitants against war crimes against humanity, genocide, and ethnic cleansing. The UN also emphasizes that the protection of individuals is the responsibility of the nation, but if a state is unable or unwilling to prioritize its residents, the R2P declares that the international community should intervene to ensure that each individual's human rights are protected.³⁶ The

³³Carlson, Allen. "More than just saying no: China's evolving approach to sovereignty and intervention since Tiananmen." *New directions in the study of China's foreign policy* (2006): 217-241.

³⁴Carlson, Allen. "Protecting sovereignty, accepting intervention: The dilemma of Chinese foreign relations in the 1990s." (2002).

³⁵Teitt, Sarah. "China and the Responsibility to Protect." *Asia-Pacific Centre for the Responsibility to Protect* 19 (2008).

³⁶United Nations General Assembly Security Council, "Responsibility to Protect: State Responsibility and Prevention," July 9, 2013, 1, http://www.un.org/en/ga/search/view_doc.asp?symbol=A/67/929.

three principles of the R2P strategy are the host nation's obligation, the responsibilities of the international community and maintaining human rights.

China accepted the R2P at the 2005 World Summit, marking a significant step forward in the evolution of Chinese foreign policy. China worked with the unanimous agreement of UN members to defend the international responsibility of the community to actively contribute in the protection of each individual's rights around the world. The goal of the Resolution 1674 was to protect all citizens from armed conflict.³⁷ Although, there was some reservations to signing the resolution, China was prompted by the British-led negotiations to join in supporting the resolution. Teitt, (ibid) states that the decision by China to agree to signing the resolution was a milestone in the evolution of the position held by China in relation to intervention.

After accepting and being a signatory to support R2P, China has continued to participate in the international community. According to Rosemary,³⁸ the conservative stance by China on R2P was grounded on its support to prevent conflict by developing the capacity of states in nations tied to conflict and providing solutions from outside powers often fuel the conflict. Teitt, (ibid) also states that China explained that the R2P true utility is in its capacity to recognize drivers of potential conflict at early stages and help in providing effective solutions that can hinder the escalation of the conflict. In this regard, Dorman, (ibid) states that experts on the Chinese foreign policy argue that intervention is only practiced in situation involving ethnic cleansing, genocide and crimes against human rights and in protecting the host nation sovereignty. Moreover, the Chinese foreign policy holds that intervention

³⁷ "UN Security Council Resolution 1674," United Nations Security Council, April 26, 2006, 1, <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N06/331/99/PDF/N0633199.pdf?OpenElement>.

³⁸ Rosemary Foot, "The Responsibility to Protect (R2P) and Its Evolution: Beijing's Influence on Norm Creation in Humanitarian Areas," *St Antony's International Review* 6, no. 2 (2011): 49.

should only be practiced upon request by the host nation and force should not be used so as to propel a country towards the international community trend.

1.5.3 Kenya-China Relations

The bilateral relations between Kenya and China has been in existence since the early 1960s. The Chinese have been involved in three key areas, namely economic, policy and diplomacy. Corking and Davis,³⁹ indicates that the Beijing Action Plan, 2007-2009 made specific reference to a development process of a continued cooperation in the construction industry particularly infrastructure development. The creation of the \$5billion China-Africa Development Fund managed under the China Development Fund provided funding for Kenya's infrastructure development among other countries. This fund was established to provide financial assistance, especially to Chinese government construction businesses at the vanguard of China's infrastructure development engagement with Africa.

A study by Yu and Wei,⁴⁰ shows that today China is a leading partner of Africa with a leading cumulative investment for Africa in the world while numerous Chinese companies operate across the continent. This is supported by Ziro and Zhao, who states that China has surpassed the USA as Africa's and indeed Kenya's single largest trading partner in volumes.⁴¹ The study also indicates that in 2018, China's foreign direct investment (FDI) to Kenya grew to USD 520 million primarily channeled into the construction industry. Chinese firms have been contracted to build some of the major roads, ports and bridges in Kenya. Peng,⁴² in his study indicates

³⁹Corking, Lucy, Burke Christofer and Martyn Davis. *China's role on the development of Africa's Infrastructure*, Published by: African Studies Program (2008)

⁴⁰Yue, Zheng, and Wei Xinyi. "Construction of ChinaSoft Power: Comparing News Coverage of the Confucius Institute Project in China and US Media." *Global Media Journal* 16, no. 31 (2018): 1-9.

⁴¹Ziro Mwatela, Raphael, and Zhao Changfeng. "Africa in China's 'One Belt, One Road Initiative: A Critical Analysis." *IOSR Journal of Humanities and Social Science* 21, no. 12 (2016): 10-21.

⁴² Peng, W. 'China-Kenya Cooperation Headed for a Brighter Future', (2019) Daily Nation, 23 April

that the Mombasa– Nairobi SGR cost USD 3.8 billion but the second stage Nairobi– Malaba phase is due for completion.

According to Gu and Lisa, China has also sponsored the Kenya National Electrification Strategy (KNES) contributing to universal access to electricity.⁴³ According to Muffuh,⁴⁴ concerns have been raised over the increasing burden of servicing the SGR debt and claims of racism, segregation of Kenyan employees. According to the survey, there are frequently problems between local employees and Chinese businesses since local labor regulations are not well-known and local employees are not understood. The common labour disputes include unfair termination and wages falling below the minimum-wage standards.

Yue and Wei,⁴⁵ postulates that China relies on African states as its second largest international project contracting and labour market. In Addition, the African continent has benefited greatly from the increasing investments by China. According to the study, the expansion in the number of infrastructure, including the construction of trans, dams, stadiums and ports, demonstrates China's impact in Africa. According to studies, the relationship between China and Kenya is centered on infrastructure development. According to the study, China's infrastructure initiatives in Kenya also include development of the SGR railway, highways, and ports.⁴⁶

Shilaho,⁴⁷ in his study on Sino- Kenyan Co-operation shows that China offers loans to countries without requiring any conditionality for agriculture investment, infrastructure development and security enhancement. The study also indicates that

⁴³ Gu, Jing, and Lisa Trebs. "Kenya Case Study: Investigating Potential for Kenya-China-UK Trilateral Cooperation: From Rhetoric to Practice in Development Cooperation." Brighton: Institute of Development Studies (2020), p. 24

⁴⁴ Muffuh, M.V. Precarious Working Conditions: African Workers of Chinese Companies in Africa, (2018), p. 56

⁴⁵ Yue, Zheng, and Wei Xinyi. "Construction of ChinaSoft Power: Comparing News Coverage of the Confucius Institute Project in China and US Media." *Global Media Journal* 16, no. 31 (2018), p. 9

⁴⁶ Tao, H. *China's Expanding Cultural influence in the Age of Globalization: A Case Study of the Chinese Media in Kenya*, (2018), p. 22.

⁴⁷ Shilaho, W.K. *Sino–Kenyan Co-operation: Whither the West?* (2018), p. 23

China has adopted a policy to finance infrastructural programmes and symbolic buildings in Kenya. Shilaho, (ibid) further states that some of the infrastructural development projects spearheaded by China in Kenya include the construction of the Thika road in Nairobi, the SGR railway, and the port terminal of Mombasa.⁴⁸ Evidently, China has marked its footprint in Kenya with regards to infrastructure development. Since 2007, the bilateral relations between Kenya and China have grown overtime due to the many opportunities in the construction industry. This has resulted in a stronger relationship between China and Kenya in terms of investments and trade.

1.5.4 Infrastructure Development in Kenya

The infrastructure development programmes which is the target of this study was confined specifically to the roads subsector within the Nairobi region in Kenya. The infrastructure development under the roads subsector is managed by various road authorities such as KeNHA, KURA, and NCCG, among others. The Construction is carried out by contracted private firms that are both local and foreign owned. The aim of Kenya's vision 2030 is the transformation of the country into a middle-income nation by 2030. The sector of infrastructure is a pillar that aims to improve the infrastructure of the country in support of vision 2030. The Kenyan constitution of 2010 and specifically the structure of the devolved government brought with it opportunities for stakeholders to take active part in the implementation of development initiatives. Under the Bill of Rights (chapter 4), Article 43(1) the constitution clearly explains the social and economic rights of all persons. A study by the African Capacity Building Foundation, states that the development of infrastructure is essential for growth and alleviating poverty in Africa where

⁴⁸Shilaho, W.K. *Sino-Kenyan Co-operation: Whither the West?* (2018), p. 24

infrastructure is underdeveloped and still a challenge. Areas of infrastructure including railway, roads, sea and air transport, power, shipping lines and information communication technology (ICT) are needed for technological transformation, trade and development. The above study further indicates that Africa and Kenya in particular have a large infrastructure deficit.⁴⁹

The construction industry is essential to the Kenyan economy since it is responsible for roads infrastructure development and is relatively labour intensive thus used by the government as a source of employment creation. A study by Muffuh⁵⁰, indicates that the construction in Kenya is characterized by multiplicity of players and has recently attracted many entrants' particularly foreign firms to whom agencies commission their construction development works.⁵¹ Majority of these firms are foreign owned multinational companies who employ local labour force. Labour, however, is different from other factors of production because it is supplied by human beings and labour markets are known to be highly imperfect when it comes to remuneration of employees hence the need for ethical and moral consideration.

Kenya in the recent past experienced a growth in the construction of roads as a result of increased allocation of resources to undertake infrastructural development by the Kenyan government. The Government has dedicated itself to improving the infrastructural levels, especially transport to improve the status of Kenya to upper-middle class by the year 2030. The KNBS report,⁵² indicates that the common mode of transport in Kenya is roads which accounts 62.9% of all modes of transport in the

⁴⁹The African Capacity Building Foundation. *Infrastructure Development and Financing in Sub-Saharan Africa: Toward a framework for capacity enhancement*. Occasional Paper, No. 25, (2016), p. 21

⁵⁰ Muffuh, M.V. *Precarious Working Conditions: African Workers of Chinese Companies in Africa*, (2018), p. 56

⁵¹ Muffuh, M.V. *Precarious Working Conditions: African Workers of Chinese Companies in Africa*, (2018), p. 57

⁵² KNBS Economic Survey (2018)

country as of 2018. The report further shows that the development expenditure on roads in the country grew by 19.2% to Kenya Shillings 134.9 billion in 2017/18 from Kenya Shillings 109.0 billion 2016/17. Moreover, the Kenyan government increased its disbursements of money to different road agencies and the County governments by 5% from 60.5 billion to 63.5 billion in the financial year 2016/2017 and 2017/2018.⁵³

A report by KNBS indicates that Nairobi County generates about 60% of the entire nation's GDP and the provision of infrastructure between 2011 to 2018 was concentrated in the Nairobi County which ranked the highest. This is attributed to its positioning as the country's capital city and a commercial hub in East Africa that attracts investments from both private and public sectors. The achievements can further be attributed to the theory that infrastructure development such as road networks can be precursor to economic growth, globalization of markets and attraction of road building Multinational Corporation, among other factors. The KNBS report (ibid) further revealed that Nairobi County received 61%; the largest share of finances allocated for infrastructure projects in the country during the period 2012-2018. This was attributed to the construction of the Eastern Bypass, Southern Bypass and Northern Bypass, dualling of Ngong Road and Nairobi Missing links as well as the launching of the Western Bypass among others. Further, the number of paved roads has increased significantly since more investments have been focused on infrastructural development.

1.5.5 Chinese Loans and the One-Belt-One-Road (OBOR) Initiative

In addition to assisting Chinese firms establishing themselves in Kenya and in Africa at large, China issues (credit) loans and development grants. According to

⁵³ KNBS Economic Survey (ibid)

Van Wiggen,⁵⁴ The Chinese government is extremely cautious with its data and has a secretive strategy to the way its loans and aid are distributed. Johns Hopkins University's CARI has compiled and evaluated data from government agencies, non-governmental groups, and on-the-ground research to create a database about borrowing between China and Africa. The Chinese government is heavily involved in the economy, primarily through loans with (very) low interest rates.

Table 2. 1: Top 5 Chinese Loans to African Governments (2000-2015)

| Country | Axim bank (Millions USS) | Suppliers Credit (Millions USS) | Total Chinese Loans to Government in 200-2015 (Millions USS) |
|----------------|-------------------------------------|--|---|
| Angola | 6,937 | 22 | 19,224 |
| Ethiopia | 7,245 | 4,165 | 13,067 |
| Kenya | 6,319 | 0 | 6,849 |
| Sudan | 4,837 | 1,043 | 6,477 |
| Cameroon | 3,632 | 2 | 3,723 |

Source: van-Wiggen (2019)

The above table 2.2 lists the five African governments that received the largest loans from China between 2000 and 2015. The size of these loans is shown in the second column. The data shows that the Exim bank is essential to Chinese economic support to African countries. Loans from Chinese businesses to consumers of their goods or services are referred to as "Supplier's Credit" in column three. The entire amount of Chinese loans to African governments is shown in the fourth column; take note that there are additional loan types than the two states, such as loans from private or commercial Chinese banks, Chinese contractors, and Chinese investment funds.⁵⁵

Table 2.2 demonstrates that Kenya ranks third in terms of the volume of loans it has received from Chinese parties. The total annual loans made by the Exim bank

⁵⁴ van-Wiggen, W. *Chinese Investments in the Kenyan Economy: From a Vicious to a Virtuous Circle?* Thesis, Leiden University. (2019)

⁵⁵ Atkins, Lucas, Deborah Brautigam, Yunnan Chen, and Jyhjong Hwang. *Challenges of and opportunities from the commodity price slump*. No. 01/2017. Economic Bulletin, 2017.

and other Chinese partners to Kenya are shown in Table 2.2. Van-Wiggen, (ibid) states that one way to gauge the health of an economy is by its gross domestic product (GDP), and by comparing the annual Chinese loans to Kenya with GDP growth, one can see a tendency of increase in both. The initial sizable loans made in 2006 appear to have had a favorable impact on Kenya's GDP, but it wasn't until 2011 that things really took off and the country's GDP surpassed US\$40 billion.⁵⁶ According to the accompanying graph, Chinese loans increased in 2009, which suggests a considerable rise in capital flow to Kenya. The alleged "huge push" that Nurkse predicted would occur from Chinese financing does seem to boost the Kenyan economy. The start of the Mombasa-Nairobi SGR's construction can be attributed to the high in Chinese loans in 2014. However, even if Chinese loans quickly declined after that, the GDP and corresponding economy appear to be on a steady increasing trajectory. According to the World Bank Group, Kenya's GDP would increase by over 6%, reaching US\$93 billion in 2019 and US\$98,5 billion in 2020.⁵⁷

⁵⁶van-Wiggen, W. *Chinese Investments in the Kenyan Economy: From a Vicious to a Virtuous Circle?* Thesis, Leiden University. (2019).

⁵⁷ World Bank. *GDP Kenya (Current US\$). World Bank national accounts data & OECD NationalAccounts data files.* Retrieved on July 1 2022 from <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=KE>.

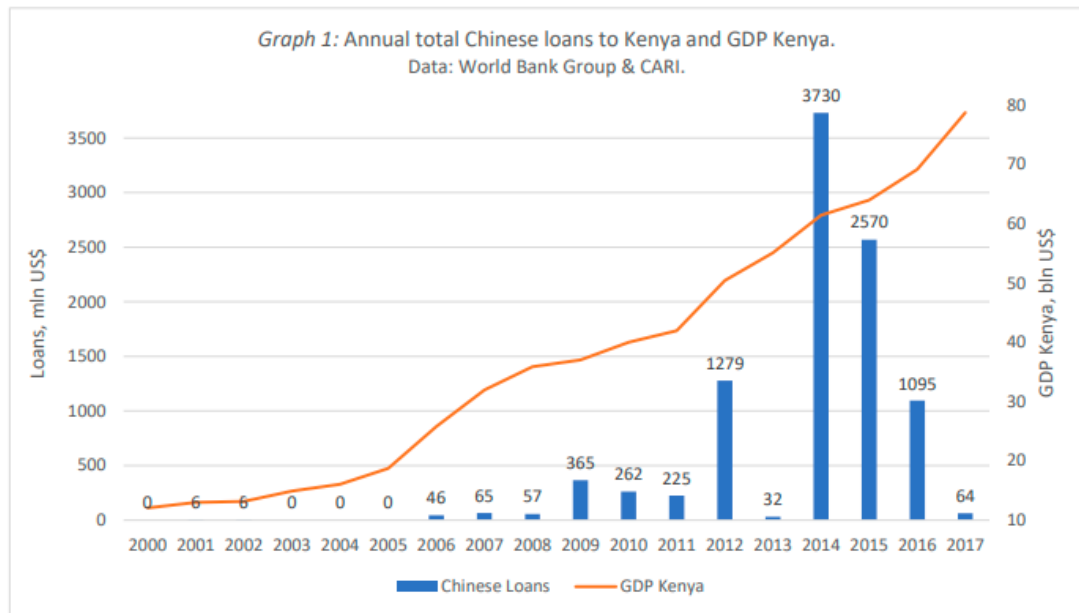


Figure 2. 1: Annual Total Chinese Loans to Kenya and the GDP of Kenya

Source: van-Wiggen (2019)

According to Pieyue, et al.,⁵⁸ The OBOR program's "New Silk Road" initiative accounts for the majority of China's funding in Kenya. China plans to (re)connect with Asia, Africa, and Europe through OBOR investments and loans, exactly as the "historic" Silk Road did 2100 years ago during the Chinese Han Dynasty (260 BC-AD 24). Furthermore, Stahl argues that President Xi Jinping announced the OBOR program in 2013 as part of his "Five-Year Plans," which describe China's long-term strategy and aim to balance the country's lagging domestic economic growth.⁵⁹ The Chinese Exim bank, China Development Bank, and President Xi's Silk Road Fund together make up the main lending sources for OBOR infrastructure projects. Yunnan,⁶⁰ shows that the Chinese Exim bank, which is supposed to prefer the "core" OBOR nations, including Kenya with its railroad and port, when issuing loans under

⁵⁸Li, Peiyue, Hui Qian, Ken WF Howard, and Jianhua Wu. "Building a new and sustainable "Silk Road economic belt"." *Environmental Earth Sciences* 74, no. 10 (2015): 7267-7270.

⁵⁹Stahl, Anna Katharina. *EU-China-Africa trilateral relations in a multipolar world: hic sunt dracones*. Springer, 2017.

⁶⁰Chen, Yunnan. *Silk Road to the Sahel: African Ambitions in China's Belt and Road Initiative*. No. 23/2018. Policy Brief, 2018.

the OBOR umbrella, gave out more than 60% of the loans between 2000 and 2014. With an emphasis on consolidating domestic markets to produce economic advantages for all participating countries, the New Silk Road connects Asia, Africa, and Europe. A study by Howard,⁶¹ states that New Silk Road has also the charitable goal of bringing development to the severely undeveloped regions of northwest China and Central Asia. China wants to build a system for exchanging resources and financing as well as a shared security system.

According to a study by Godement and Agatha,⁶² more than 50 countries, accounting for around 70% of the earth's population, 55% of its GDP, and 75% of its known energy reserves, will be (re)connected as a result of the OBOR program. The OBOR's success and China's future domestic development depend on the enormous energy and natural resources present in many African countries. The physical, political, and economic linkages that exist between the two nations will result in a rise in the flow of cultures, religions, and civilization owing to China's market economics in infrastructure technologies. According to Wissenbach, et al.,⁶³ there is an implicit agreement in Kenya, that Chinese infrastructure firms will obtain at up to half of their building supplies locally.

1.5.6 Remuneration Systems in Kenya

Foreign investment and development aid brought by globalization may pressure state economies in Africa to accommodate and attract capital investment. According to Wilborn, this may negatively affect regulations and laws that protect

⁶¹French, Howard W. *Everything under the heavens: How the past helps shape China's push for global power*. Vintage, 2017.

⁶² Godement, Francois, and Kratz, Agatha. *One Belt, One Road: China's Great Leap Outward*. European Council on Foreign Relations, *China Analysis*, European Council on Foreign Relations. (2015). [online] https://ecfr.eu/publication/one_belt_one_road_china's_great_leap_outward3055/

⁶³Wissenbach, Uwe, and Yuan Wang. *Local politics meets Chinese engineers: A study of the Chinese-Built standard gauge railway project in Kenya*. No. 16/2016. Policy Brief, 2016.

labor in these countries leading to low cost labor.⁶⁴ Cheap labor might encourage investment by foreign companies but end up in lower standards of labor protection thus disorienting workers to protest. Labor laws in Kenya reveal duties and rights for employees and employers as well as offer mechanisms for collective bargaining, negotiation, court disputes and strikes. To ensure protection of labor standards, the International Labour Organization (ILO) supervises Kenya labor regulations to enable legal and stable operations of foreign companies.

In Kenya, the issue of fair employee compensation is a challenge in the implementation stage. However, labour laws in Kenya provide for the equal compensation of employees. The labour laws in Kenya are leaned towards ensuring the protection of employees over the employer. The Labour Institutions Act⁶⁵ provides for the implementation of a wage council that determines the wages paid to employees. The wage council is responsible for determining the minimum wage that ought to be compensated to all workers to ensure their survival in the economy. Through the General Wages Council, all workers are entitled to a minimum wage with respect to the Labour Institution Act. Despite the fact that the implementation of fair wages in Kenya is poor, the trade unions encourage fair pay of its members by employers. Thuita,⁶⁶ estimated that in Kenya, 42% of employees are still paid below minimum wage required by the Labour Institution Act. However, the push for better pay in Kenya is supported by the labour laws available in the nation that support fair remuneration of employees and the representation of employees through Trade Unions.

⁶⁴ Willborn, S.L. Labor Law and the Race to the Bottom, 65 Mercer L. Rev. 369, 370 (2014), p. 11

⁶⁵ Labour Institutions Act: no. 12 of 2007

⁶⁶ Thuita, Eric Mwangi. "An Assesment of the enforcement of minimum wage legislation in Kenya." PhD diss., Strathmore University, 2017.

Engineering being labor-intensive has led to challenges in protection of the rights of workers. Many Multinational Corporations (MNCs) seek short-term profits and utilise negligent labor standards in employment practices including lack of formal contracts and employment on casual basis. Zhao, (ibid) states that this denies workers protection by the standards of minimum wage and the right to join labor unions.⁶⁷ The study further emphasizes on the need for ethical and moral considerations given that labour markets are known to be highly imperfect when it comes to treatment of employees and work force remuneration.

Labour force inform of Construction workers is abundant in Kenya and is an important ingredient of the construction industry. Effective and efficient utilization of these class of workers can only be met through free labour markets where wages are basically influenced by demand and its supply. The high number of foreign owned construction firms, however, have been observed to dramatically impact negatively on the labour market conditions. The companies also fail to comply with labor laws in Kenya, and to establish mutual relations, and communicate with labor unions for salary negotiations and compensation of union members. Noncompliance of Chinese companies with Kenyan labor laws have led to labor disputes and poor cooperation with workers. In addition, international and Kenyan civil societies have accused Chinese companies for creating unsuitable working environment in terms of standards. Ultimately, disputes that occur between Chinese road construction companies and Kenyan workers negatively impact infrastructure development and by extension, the relationship between China and Kenya.

⁶⁷ Ibid, Zhao, Q. p. 457

1.6 Gaps in the Literature

Most of the literature review undertaken shows that existing studies have focused mainly on China's intentions and influence on Africa as well as Kenya-China bilateral relations on infrastructure development partnership. There are, however, concerns over the working conditions under infrastructure development partnership particularly in Kenya. It has been suggested by both international and local businesses that Chinese companies provide a poor working condition for local employees. This leaves a literature gap on the working conditions and the remuneration systems adopted by Chinese companies in Kenya. This study, therefore, aims to fill this gap by looking at Kenya-China bilateral relations in infrastructure development with a case study on the remuneration of local employees in Nairobi region.

1.7 Theoretical Framework

The study was anchored on three key theories; namely, the Liberalism theory, Herzberg two factor theory and the theory of Wage Norms.

1.7.1 Liberalism Theory

The liberalism theory was introduced by John Locke and it argues that countries co-relate with one another so as to improve co-operation. The theory postulates that in the modern world states cannot exist alone, the emergence of technology and advancement of communication has resulted in increased interdependence between states. This implies that different states cannot operate on their own and issues such as trade have moved beyond the national boundaries with states depending on each other. Co-existence of states are no longer led by relative power but rather by interdependence that is supported by international institutions.

According to Keohane and Nye,⁶⁸ interconnectedness of states is a condition in global politics in where all actors, including governments, nations, and non-state entities, rely on one another. Generally, dependence implies the state of being affected significantly by external forces. Therefore, inter-dependence is mutual dependence among states. The study by Keohane and Nye, (ibid) further states that interdependence between states explains situations characterized by reciprocal effects among nations. Interdependence among states implies that the actions and policies of one state has a significant effect on another state and vice versa. With regards to interdependence, the relationship between states is characterized by both competition and cooperation. The international system is collaborative as a consequence of interdependence, according to liberalism theory.

According to Copeland,⁶⁹ economic inter-dependence between states lowers the chances for conflict and war and increases the value of the adopted trading systems. Further, the author explains that the dependent countries ought to invest more on economic trade other than war, as trade is economically beneficial. Essentially, the theory as proposed by John Locke suggests that countries can benefit more from the development of their economies by collaborating with other countries in investments and trade. The liberalism theory in principle argues that interdependence of states results in increased interaction.

This approach, however, has been criticized by scholars such Robert Keohane and Joseph Nye, (ibid) who argue that in a state of anarchic system states can cooperate through inculcating a culture of mutual trust and by building institutions to

⁶⁸Robert O. Keohane & Joseph S. Nye Jr, , Power and interdependence Pages 158-165 | Published online: 03 Mar 2008: <https://doi.org/10.1080/00396337308441409>

⁶⁹Copeland, Dale C. "Economic interdependence and war: A theory of trade expectations." *International security* 20, no. 4 (1996): 5-41.

advance the necessary relationship.⁷⁰ According to Keohane and Nye, (ibid)⁷¹ cooperation between states takes place in the international organizations particularly in this case under basic international economic agreements that help shape and regulate state behavior. Cooperation between state is built on the principle that states are rational actors under political and economic interaction weighing up the different course of action and choosing the course that will most likely give them the highest net income. Keohane and Nye, (ibid) assert that states collaborate by transferring allegiance and funding to institutions that are perceived to be mutually advantageous and that offer more possibilities for them to serve respective international objectives.

Despite, the criticism of the theory, it is relevant to this study since it advocates for interdependence (dependence of two or more states on each other) between states in an effort of improving development. For this study, Kenya is dependent on China for infrastructural projects which China is dependent on Kenya for its raw materials. The interdependence between the two nations illustrates the concept of neoliberals. The theory was used to explain Kenya - China bilateral relations in infrastructure development and its effects/influence on remuneration of local employees.

1.7.2 Herzberg's Two Factor Theory

The two-factor theory by Herzberg⁷² focusses on the key component people seek from their jobs. According to Ewen et al,⁷³ the employees were asked to explain the components that made them feel good or bad about their jobs. These factors were

⁷⁰Robert O. Keohane & Joseph S. Nye Jr, , Power and interdependence Pages 158-165 | Published online: 03 Mar 2008: <https://doi.org/10.1080/00396337308441409>

⁷¹ Keohane, Robert O., and Joseph S. Nye. Power and Interdependence: World Politics in Transition. Boston: Little, Brown & Co. 1977

⁷²Ewen, Robert B., Patricia C. Smith, and Charles L. Hulin. "An empirical test of the herzberg two-factor theory." *Journal of applied psychology* 50, no. 6 (1966): 544.

⁷³Ewen, Robert B., Patricia C. Smith, and Charles L. Hulin. "An empirical test of the herzberg two-factor theory." *Journal of applied psychology* 50, no. 6 (1966): 544.

then categorized into positive and negative responses. The study identified the factors that result in job satisfaction and that which results in job dissatisfaction. The motivators included good pay, this study's focus. Herzberg et al,⁷⁴ citing a study by McDougall and Ashridge⁷⁵ challenge the argument that pay is of low importance in motivating workers after the result of their survey on management motivators showed status often associated with pay as second top among factors assessed. According to Frank et al,⁷⁶ in their study on determining company policy state that payment satisfies low level aspirations and that remuneration in many companies is the only available indicator of success and therefore associated with self-esteem with payment received being regarded as evidence of achievement.

According to Zhao,⁷⁷ the main expectation of the domestic effects of employment by foreign firms was the provision of a better and higher rate of local employees' compensation than domestic firms. It is also acknowledged globally that wages contribute to the equilibrium of the economy and that low wage standards do not produce best results. The practice in the construction industry, however, is that workers can hardly bargain on an equal footing with employers since supply of labour outstrips the jobs available. Besides, the minimum wage laws and policies in Kenya face limitations in their attempts to reduce inequality and poverty.

The theory is essential since it emphasizes on remuneration as extrinsic motivator for better employee performance. Following the conclusion drawn from the theory, it is essential that Chinese companies offer competitive remuneration to

⁷⁴Herzberg, F., B. Mausner, and B. Snyderman. "the Motivation to Work. New York: 1959. 2011.

⁷⁵Tookey, Douglas, Eleanor Lea, and Camilla McDougall. *The Exporters: A Study of Organisation, Staffing and Training*. Ashridge Management College, 1967.

⁷⁶Edoho, Samson-Akpan Patience, Edet Olaide Bamidele, Ojong Idang Neji, and Asuquo Ekaette Frank. "Job satisfaction among nurses in public hospitals in Calabar, Cross River State Nigeria." *American Journal of Nursing Science* 4, no. 4 (2015): 231-237.

⁷⁷ Zhao, Q. 'Comment, How to Establish Labor Protection Standards for Kenyan Local Workers in Chinese Multinational Corporations.' *Washington International Law Journal*, Vol. 29, No. 2 (2020)

Kenyan local employees while engaging in infrastructural projects. In as much as the interdependence between Kenya and China has improved, the Kenyan local employees need to be paid competitively in order to be effective in completing the infrastructural projects. Moreover, according to the Kenyan law system, remuneration for work done is a right of the employee while with regards to self-employed persons, the remuneration is the prerogative of the entrepreneur. Therefore, the theory will help in elaborating the remuneration system adopted by Chinese companies under Kenya – China bilateral relations in infrastructure development. The study will specifically look at remuneration of local employees within the roads subsector in Nairobi region.

1.7.3 Theory of Wage Norms

The wage norms by John Dunlop⁷⁸ claims that wages are payment criteria that are socially constructed and connected to the social worth of an organization. Once established, salary standards or procedures are regarded as fair, reflect the organization's or company's norm, and are unaffected by the forces of demand and supply in the labor market at the time. Wicks-Lim (ibid) goes on to say that an organization's internal reference points and the status quo serve as the foundation for its sense of fairness. From the perspective of this theory, wage underbidding, for instance, is not a type of social activity that is appropriate.⁷⁹

Extant literature by Akerlof and Yellen,⁸⁰ on how wage standards affect compensation, finds that workers are willing to put up extra effort for a just salary. Instead of, say, the job's working conditions the wage equity in this circumstance is decided by its dispersion from the wages of other workers. The Akerlof et al (ibid)

⁷⁸Wicks-Lim, Jeannette. *Mandated wage floors and the wage structure: Analyzing the ripple effects of minimum and prevailing wage laws*. University of Massachusetts Amherst, 2005.

⁷⁹Omolo, J. "Ripple effects of minimum wages and the response of labour markets in Kenya." *Unpublished PhD Thesis, Nairobi: Kenyatta University* (2010).

⁸⁰Akerlof, George A., and Janet L. Yellen. "The fair wage-effort hypothesis and unemployment." *The Quarterly Journal of Economics* 105, no. 2 (1990): 255-283.

study shows that to maintain a cooperative workforce, businesses must adhere to the wage norm in order to ensure wage parity. According to the report, increasing the minimum wage will also help to close the pay gap between both the intended group of employees and others who are not directly subject to minimum wage laws. The study further states that to preserve the wage gap and equity, the wages of non-targeted workers must be boosted, resulting in a ripple effect. This reasoning backs up Grossman's,⁸¹ results that a ripple effect is felt when a change of the minimum wage is introduced since professional demand for competitive salaries.

Why employees persist to protest and dictate terms both in local and international organizations can be explained by the theory of wage norm. The theory emphasizes on the importance of wage equity for all employees despite the type of institution hence its relevance to remuneration of local employees under Kenya-China bilateral relations in infrastructure development within the road's subsector.

1.8 Justification of the Study

The study's findings are anticipated to provide information on the existence of developing explicit and defined compensation and compensation systems within construction enterprises to policy makers in both the construction and labor sectors, enabling them to make better decisions. The study's findings will specifically assist Kenyan and Chinese policy makers in building methods to address and enhance bilateral relations, particularly with regard to bilateral ties in infrastructural issues between Kenya and the countries of origin of the foreign enterprises.

The findings of the study will provide insights to international companies on the remuneration offered to local employees. The study will highlight how the

⁸¹Grossman, Jean Baldwin. "The impact of the minimum wage on other wages." *Journal of Human Resources* (1983): 359-378.

international companies can improve their remuneration systems to ensure fair compensation of local employees.

The results are potent to literature in showing the relationship between Kenya and China. Moreover, the study will fill the gap on the remuneration of local employees based on the Kenya-China bilateral relations in infrastructural development particularly in the roads subsector. The study can be a foundation for future studies on remuneration of local employees by international companies within the roads infrastructure subsector of the construction industry in Kenya.

1.9 Research Methodology

1.9.1: Research Design

The study employed a cross-sectional descriptive design. As stated by Mugenda et al.⁸², this research strategy was used to display population characteristics without in any way influencing them. Since the design aims to depict the phenomenon through presenting practices, events, and conditions—the compensation of local employees as a result of China-Kenya bilateral cooperation in infrastructure development—it is thought to be appropriate for the sort of objectives. Additionally, the design supports the use of mixed methodologies. For the study, both quantitative and qualitative data were gathered. Therefore, the design allowed a better understanding to the issue under investigation.

1.9.2 Population of the Study

The study targets four projects two of which are operated by Chinese companies while the other two are operated by local Kenya indigenous companies. The two projects operated by Chinese companies were the dualling of the Eastern Bypass project whose contractor is China Communication Construction Company

⁸²Mugenda, O. M., and A. G. Mugenda. "Research Methods: Quantitative and Qualitative Approaches: African Technology Studies Centre." (2003).

(CCCC) and the Thika Road Bus Rapid Transit (BRT) Pilot Project whose contractor is Stecol Corporation. The two projects operated by the local Kenyan indigenous companies were Improvement of Nairobi Roads Lot I (Part of missing links) whose Contractor is Ogle Construction Ltd and Rehabilitation of Innercore Estate Roads whose contractor is Pinnie Agency Ltd. The four companies offered adequate data that facilitated in making comparison of the remuneration of local employees by Chinese companies as Multinational Corporations and the local Kenyan indigenous companies. Further, the study looked at specific occupational groups within three job categories as follows; the management, the plant and machine operators (skilled employees) Drivers and foremen (semi-skilled employees) and the general construction workers (unskilled employees). Table 1.1 shows the target population.

Table 1. 1: Target Population

| Category of employees | Number of target population |
|---|------------------------------------|
| Dualling of the Eastern Bypass project | |
| Management | 5 |
| Plant and machine operators | 5 |
| Drivers | 3 |
| Foremen | 7 |
| General construction workers | 200 |
| BRT Project | |
| Management | 5 |
| Plant and machine operators | 5 |
| Drivers | 3 |
| Foremen | 7 |
| General construction workers | 250 |
| Improvement of Nairobi Roads Lot I | |
| Management | 5 |
| Plant and machine operators | 5 |
| Drivers | 3 |
| Foremen | 7 |
| General construction workers | 100 |
| Rehabilitation of Innercore Estate Roads | |
| Management | 5 |
| Plant and machine operators | 5 |
| Drivers | 3 |
| Foremen | 7 |
| General construction workers | 85 |
| Total | 715 |

Source: Secondary Data

1.9.3 Sampling Procedure

According to Mugenda and Mugenda, (ibid)⁸³ a sample population is a group of individuals selected from an entire population from whom a researcher intends to collect data. For this study, stratified random sampling and purposive sampling was employed. Krejcie and Morgan,⁸⁴ states that a stratified sampling technique gives each targeted respondent an equal opportunity to be chosen to participate in the study.

The formula used is presented below

Where:

n = sample required.

d^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

N = target population.

P = the population proportion (assumed to be .50)

D = accuracy degree (.05).

By using formula, the sample was 250 responders.

A disproportionate probability sampling method was used to choose the 250 research subjects. The sample technique made sure that the five categories of the employees in each of the four organizations were included in the research, which improved the generalizability of the findings. The investigation included all strata, no matter how vast or little, thanks to the disproportionate stratified sampling technique. Table 1.2 displays the sample size and population.

⁸³ Ibid. Mugenda, O. M., and A. G. Mugenda. (2003).

⁸⁴ Krejcie, Robert V., and Daryle W. Morgan. "Determining sample size for research activities." *Educational and psychological measurement* 30, no. 3 (1970): 607-610.

Table 1. 2: Target Population and Sample Size

| Category of employees | Target population | Sample population |
|---|-------------------|-------------------|
| Dualling of the Eastern Bypass project | | |
| Management | 5 | 4 |
| Plant and machine operators | 5 | 4 |
| Drivers | 3 | 2 |
| Foremen | 7 | 5 |
| General construction workers | 200 | 60 |
| BRT Project | | |
| Management | 5 | 4 |
| Plant and machine operators | 5 | 4 |
| Drivers | 3 | 2 |
| Foremen | 7 | 5 |
| General construction workers | 250 | 74 |
| Improvement of Nairobi Roads Lot I | | |
| Management | 5 | 4 |
| Plant and machine operators | 5 | 4 |
| Drivers | 3 | 2 |
| Foremen | 7 | 5 |
| General construction workers | 100 | 30 |
| Rehabilitation of Innercore Estate Roads | | |
| Management | 5 | 4 |
| Plant and machine operators | 5 | 4 |
| Drivers | 3 | 2 |
| Foremen | 7 | 5 |
| General construction workers | 85 | 26 |
| Total | 715 | 250 |

1.9.4 Data Collection Instruments

Primary data for the study was gathered using a survey questionnaire and an interview guide. The questionnaire was categorized in two, the first section gathered information on the research participants demographic while the second section gathered data on the study variables. The structured questionnaire was designed on the basis of the study objectives.

Data from the management staff was gathered using the interview guide. The key informants were able to express their thoughts on the research issue because the interview guide was open-ended. This assured maximum information is received from the primary informants. The open-ended interview guide was suitable for this study because it permitted one-on-one interactions with the key informants and made it

easier to gather in-depth information from them about their perspectives on the research issue.

To provide a comprehensive grasp of the topic, secondary data were also gathered for the study. Among other literary sources, secondary data was gathered from both published and unpublished sources of information, such as journals, articles, public documents, reports, periodicals, and newspaper articles.

1.9.5 Data Analysis

Descriptive statistics was adopted for the analysis of the quantitative data gathered. The questionnaire was assessed for completeness to avoid errors. This ensured that the data collected is free from incompleteness, inconsistency and of good quality. SPSS version 25.0 was adopted for analyzing the quantitative data. The descriptive statistics summarized the variables of the study. A qualitative approach was used for analyzing the qualitative data. According to Creswell and Miller, qualitative data analysis entails note taking which can include hand written notes, observations and tape recordings.⁸⁵ The researcher during the interviews took hand written notes and record the interview sessions and later convert the notes into readable write-ups. The analysis process involved three steps, the first phase involved having comprehension of the data gathered, concentrating on the analysis, and classifying the data into themes. After the interviews, the researcher listened to the recordings and read through all of the responses by the respondents to understand the responses with respect to the interview guide. Wilson,⁸⁶ indicates that the researcher needs to categorize the information into applicable codes known as themes for clarity

⁸⁵Creswell, John W., and Dana L. Miller. "Determining validity in qualitative inquiry." *Theory into practice* 39, no. 3 (2000): 124-130.

⁸⁶Wilson, Virginia. "Research methods: interviews." *Evidence Based Library and Information Practice* 7, no. 2 (2012): 96-98.

while presenting the findings.⁸⁷ The analysis adopted a manual thematic analysis method in the coding of the data collected. A theme is an outcome of categorization, coding or analytical reflection. In order to ensure the appropriate themes are derived at, the researcher was keen on the words chosen to come up with respective codes.

Tables and figures were adopted to present the quantitative data while narration format was used to present qualitative data. The narration format allows for direct quotations from the study participants. The researcher-maintained confidentiality and privacy during the data analysis.

1.10 Definition of Terms

Bilateral Relations: This is the economic, political or cultural partnership between two sovereign states. In this case, it is the economic partnership between China and Kenya in the infrastructure sector.

Infrastructure: These are the facilities necessary for the growth of an economy and they include roads, railways, and ports. The infrastructure development under review in this study was specifically on the road's subsector within the Nairobi region in Kenya.

Non-Interference Policy: This is a national foreign doctrine that is opposed against a state interfering in the political procedures of another state. For this study, it means the stand taken by China not to interfere with the day-to-day political operations of Kenya despite being one of the largest lenders of the country.

Remuneration: This is financial compensation awarded to an employee for exchange for services rendered. For this study remuneration

⁸⁷Wilson, Virginia. "Research methods: interviews." *Evidence Based Library and Information Practice* 7, no. 2 (2012): 96-98.

means the financial compensation offered to local employees within the road's infrastructure subsector in Nairobi region.

1.11 Chapter Outline

The study is introduced in Chapter 1. It includes background information about the project, a problem statement, research questions and objectives, the importance of the research, a literature review, a theoretical framework, the research technique, and information about how the study is organized. Chapter two examined the literature on Kenya-China bilateral relations in infrastructure development. Chapter three covers the remuneration of local employees by Chinese Multinational Corporations and local Kenyan indigenous firms. Chapter four covered the data collection procedure and chapter five covered the data analysis, interpretation and recommendations of the study.

CHAPTER TWO: KENYA-CHINA BILATERAL RELATIONS IN INFRASTRUCTURE DEVELOPMENT

2.1 Introduction

This chapter covers the bilateral relations between Kenya and China. The chapter will review literature on objective one of the study, which is specific to the relations between Kenya and China with regards to infrastructural development. The chapter culminates with a description of China's financing of Kenya's infrastructural projects.

2.2 History of the Relations between Kenya and China

The Kenya-China relationship started before Kenya become an independent state from the colonial regime of the British in 1963. According to Ying Xia, before independence, Kenya was exported raw materials including cotton, pyrethrum and sisal to China, while on the other hand semi-processed products were exported by China to Kenya, which included base metals and tea.⁸⁸ The partnership between Kenya and China was mutually beneficial to the two countries. A study by Maggie Opondo,⁸⁹ found that when China was acknowledged as the fourth country to establish diplomatic ties with Kenya in 1963, the alliance between Kenya and China was formally established.

Kenya and China established their bilateral ties in order for the former to pursue a capitalist alliance with the western nations. President Jomo Kenyatta maintained strong ties with the western countries, a task that was upheld by his successor president Moi, who became president in 1978. According to Robert, Kenya maintained strong ties with the western world through economic and military

⁸⁸ Ying Xia, "Chinese Agricultural and Manufacturing Investment in Kenya: a Scoping Study." Chinese Africa Research Initiative, Aug. 2019

⁸⁹ Maggie Opondo, "The Impact of Chinese Firms on CSR in Kenya's Garment Sector." *International Research Network*, 2020

partnerships during President Moi's first decade.⁹⁰ Following the 1982 coup attempt, Kenya was criticized over its human rights record. The British and the United States of America media reported corruption cases which raised problems for Kenya with regards to the practice of authoritarianism. The pressure from criticism on authoritarianism increased following the murder of Dr Robert Ouko, the then Minister for Foreign Affairs.

The foreign relations in Kenya changed in the 1990s following pressure to establish a more democratic country. During this period there were regime changes internationally following the end of the apartheid system in SA and the cold war. The study by Robert, (ibid) shows that as the economic circumstance of Kenya worsened, so did the need for foreign assistance in the country increase. These changes had an impact on the relations between Kenya and Britain, the USA and the EU members. The study by Maggie, (ibid) also states that as a result of the its isolation by the western countries, Kenya decided to enter into less partnerships with countries in the West and instead turning to the East to establish diplomatic ties.⁹¹

According to Michael,⁹² between 1963-1978, Kenya was skeptic and did not trust the political intentions of China towards it. This skepticism was further aggravated by the visit of the prime minister of China in 1964 to ten states in Africa and his statement on the 'revolutionary situation in Africa. President Jomo Kenyatta believed that since Kenya had ended its anti-colonial dictatorship and had just recently attained independence from Britain in 1962, the expectations of the Chinese leadership did not apply to Kenya. The relationship between Kenya and China was

⁹⁰ Robert M. Maxon, "*Historical Dictionary of Kenya*" Rowman & Littlefield, 2014

⁹¹ Maggie Opondo, "The Impact of Chinese Firms on CSR in Kenya's Garment Sector." *International Research Network*, citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.522.4044&rep=rep1&type=pdf

⁹² Michael Chege, "*Economic relations between Kenya and China, 1963-2007*", 2006, Retrieved from https://csis-websiteprod.s3.amazonaws.com/s3fs-public/legacy_files/files/media/csis/pubs/080603_chege_kenyachina.pdf

extremely strained in 1965, and various cabinet members had varying perspectives on the subject. Kenya, on the other hand, favoured a mixed economy run by the private sector, which provided opportunities for government-run businesses, modest media companies, and production cooperatives. The country focused more on improving cooperation and economic ties with Western Europe, the USA, and Britain. Although, the tension between Kenya and China persisted, there still existed some diplomatic relations between the two countries during the period 1963-1978. During this period, the Kenya-China relations covered issues relating to Bridges Corporation, anti-piracy corporation and oil exploration corporations.

Like his predecessor, Moi first expressed mistrust in China's political intentions towards Kenya and claimed that China had been planning a revolution since the 1960s. He did, however, express respect for China's modernisation, cleanliness, and orderliness after he was elected Kenya's second president. In an effort to deepen connections between Kenya and China, the President of Kenya made contact with the Post-Mao People's Republic of China. Kenya's foreign development financing sources were to be more diversely funded. The Kenyan President was also motivated by his own private endeavors to obtain construction jobs for his native county, the Rift Valley, which served as his own political base.

President Moi visited China many times and opened a door for further diplomatic ties and negotiations which resulted in the lower-level technical activities and exchanges. China did not agree to be in partnership with Kenya as a donor only but also to benefit through mutual cooperation and trade. According to Michael's analysis, (ibid), China was still underdeveloped, modernizing quickly, and transitioning from the central planning of the communist era to competitive global production. To facilitate this transition, China looked to Kenya in areas that the later

had succeeded such as in tourism and in agriculture.⁹³ By 1980, two agreements between Kenya and China had been signed. The initial agreement focused on scientific and economic cooperation, including programs such as university technical assistance, military assistance, the construction of a new sports stadium, scholarships, and cultural exchanges. The following arrangement involves the exchange of products between a Chinese state commercial agency and its Kenyan counterpart.

According to Kennedy, (ibid) the third President of Kenya who was elected to office at the end of 2002 was more optimistic and in favour of improving strong relations with China. In August 2005, President Kibaki traveled to China with eleven delegates from Kenya interested in commerce and investment. The two nations signed a five-part agreement during the visit that included official development financing for grants in the areas of energy and infrastructure, expanded air services, technical assistance for classifying and evaluating industrial product standards, and updating equipment and providing training to the Kenya Broadcasting Corporation.⁹⁴

Since the five-part agreement, Kenya and China have held strong ties in international affairs concerning the One China Policy and on state sovereignty.⁹⁵ The One China Policy is a diplomatic accord that Kenya has only one government. In terms of policy, the United States recognizes that China, is the country with whom it conducts diplomatic relations. China regards Taiwan as a territory that will one day be unified with the mainland.⁹⁶ Kenya supports the One China Policy because the two countries have no territorial differences. Unlike several African countries, it does not

⁹³Michael Chege, “*Economic relations between Kenya and China, 1963-2007*”, 2006, Retrieved from https://csis-websiteprod.s3.amazonaws.com/s3fs-public/legacy_files/files/media/csis/pubs/080603_chege_kenyachina.pdf

⁹⁴ Kennedy Mwengei, “*A Study on the Impact of China’s Investments in Africa; the Case of Kenya.*” Finance Management, 23 Mar. 2013, [www.elixirpublishers.com/articles/1364041481_56A\(2013\)13706-13714.pdf](http://www.elixirpublishers.com/articles/1364041481_56A(2013)13706-13714.pdf)

⁹⁵ Ying Xia, “*Chinese Agricultural and Manufacturing Investment in Kenya: a Scoping Study.*” Chinese Africa Research Initiative, Aug. 2019.

⁹⁶ “What is the ‘One China policy?’” Feb 10. 2017, BBC News, <https://www.bbc.com/news/world-asia-china38285354>

immediately threaten China's national security. Furthermore, numerous African countries, including Kenya, oppose Tibet, Taiwan, and Xinjiang's bids to split from China.⁹⁷ Kenya, for example, supported the PRC in its diplomatic disagreement with the Taiwan in 2016. Despite ongoing demonstrations in Taiwan, the government of China has requested that 50 fraud suspects from Taiwan be extradited to the mainland.⁹⁸ In the 1990s, Kenyan imports from China continue to rise as a consequence of creating more opportunities as China's economy expanded.⁹⁹

Since its independence in 1963, Kenya has benefited over the years through the developmental aid by China. Among the most notable assistance Kenya has received from China, a key aid project was the development of the Moi international Sports Complex, which was developed using ksh 1.16 billion through the Chinese Yuan Renminbi (CNY) loan in 1987. Through the years China has transformed the types of aid policies including changing from the grandiose and the liberation projects in an effort of reducing debt, assisting in the development of human resources and promoting investments. After the 2013 general elections in Kenya, the seating president, Uhuru Kenyatta started borrowing finances from China using an approach that majority of the Kenyan public through to be reckless and has positioned the Kenyan public in fear of having a crippling public debt.¹⁰⁰

Prior to the independence gained in 1963, migrants from China had already started to move to Kenya. The initial/first wave of migrants from China migrated from the coastal provinces of China such as the Guangdong and Fujian. As the migrants

⁹⁷Yun Sun, "Africa in China's foreign policy", Brookings, April 12, 2016, https://www.brookings.edu/wpcontent/uploads/2016/06/Africa-in-China-web_CMG7.pdf

⁹⁸ Ying Xia, "*Chinese Agricultural and Manufacturing Investment in Kenya: a Scoping Study.*" Chinese Africa Research Initiative, Aug. 2019.

⁹⁹ Nguku Grace Wanjiru, "External environmental factors influencing China- Kenya trade: A case study of the ministry of foreign affairs and international trade and Chinese embassy in Kenya." Semantic Scholars, University of Nairobi, Nov. 2013

¹⁰⁰ Joseph Onjala, "*China's development loans and the threat of debt crisis in Kenya.*" Institute for Development Studies, University of Nairobi, July. 2017, <https://onlinelibrary.wiley.com/doi/abs/10.1111/dpr.12328>

from China spent more of their time in Kenya, they immediately acknowledged that the foodservice industry did not need a lot of skill and capital to start operations in Kenya. As a result of this realization, many of the migrants from China began not only to look for employment but to also start their own Chinese restaurants.¹⁰¹

Through the years, the migrants from China have adjusted their lives into Kenya. These Chinese migrants have educated themselves on the Kenyan culture and understand the different types of goods and services demanded by the Kenyan public. The immigrants from China became entrepreneurs who established small restaurants in Kenya as the enterprises held by Chinese people began to prosper, and eventually they evolved into investors and dealers. Due to the success of the first wave of Chinese immigrants, a second wave of Chinese immigrants entered Kenya in the 1990s and early 2000s. The second wave of Chinese immigration to Kenya occurred about the same time when China began to actively participate in international trade. When it came to conducting business in cities like Mombasa, Kisumu, and Nakuru, the number of Chinese communities in Kenya's major cities began to grow. The major towns where the Chinese migrants relocated were appealing not only due to the business opportunities but also due to the fact that they were tourist attraction sites.¹⁰² Of importance to the Chinese migrants was the conducive environment provided by the cities with respect to business since the towns had traffic of the high- and middle-class Kenyans in business. In addition, the businesses in these major towns suited international tourists as well.

Kenya adopted an import substitution plan for the first five years following its independence in 1963, during which time the government made arrangements for the

¹⁰¹ Newcomb, Candice. "*The Impact of Chinese Investments on the Kenyan Economy.*" Master's thesis, Chapman University. (2020).

¹⁰² These cities are known for their tourist appeals such as the sandy beaches in Mombasa, Lake Victoria in Kisumu, and Lake Nakuru in Nakuru, where there is also a national game park.

protection of traffic and direct assistance to the industrial sector. The strategy was not new but rather was a colonial policy that was carried over. The policy's aims were assuring industrial growth, lowering balance-of-payments pressures, encouraging indigenous involvement in the industrial sector, ensuring productivity, and improving income employment. Maggie, Although the approach had good objectives, it was unable to provide long-term employment, and with rising import levels, the problem of payment inequity was considerable.¹⁰³ With reference to the 2007 agreements, the presidential election was conducted resulting in post-election violence. The violence witnessed following the elections was systematic on the inefficiencies and inadequacies with the electoral commission. According to Maya and Avisha, the cause of the violence was also systematic as was evident since ethnic lines divided communities in Kenya at the time.¹⁰⁴

The 2007 post-election violence was severe resulting in the death of 1,133 individuals and the displacement of over 100,000.¹⁰⁵ Following the post-election violence, Kenya became unattractive to international states with reference to foreign investments due to the violence, corruption, poor infrastructure and poor investment environment. Despite this, China still offered its support for developing the Kenyan infrastructure and improving the standards of education both technical and academic, aiding in tariff exemptions and in humanitarian relief. The other areas where Kenya received assistance from the Chinese included rural electrification, modernization of

¹⁰³ Maggie Opondo, "The Impact of Chinese Firms on CSR in Kenya's Garment Sector." International ResearchNetwork,2020,citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.522.4044&rep=rep1&type=pdf.

¹⁰⁴ Maya bar-Hillel and Avisha Marglit, Newcomb's paradox revisited, British Journal for the philosophy of science, vol. 23 no. 4, revised 2008, oxford University Press

¹⁰⁵ Ying Xia, "Chinese Agricultural and Manufacturing Investment in Kenya: a Scoping Study." Chinese Africa Research Initiative, Aug. 2019.

the distribution of power, sports facilities renovations, providing anti-malaria drugs, modernizing airports and constructing a malaria research center.¹⁰⁶

2.3 China's Motivation for Cooperation with Kenya

East Africa's largest economy is Kenya. Investors naturally choose it because of its advantageous location and well-developed business infrastructure, and many multinational corporations have established it as their regional base. According to Mulinge, another advantage of investing in Kenya is access to the larger East African market, with 93 million consumers, and the Eastern and Southern African market, with 385 million consumers.¹⁰⁷ Kenya also has a completely liberalized economy, a pro-investment administration, and is politically stable. Kenya provides a key entrance to the East and Central African region even though it lacks the natural resources that needed by China.

Mulinge, (ibid) citing Kieyah, states that China sees Kenya as a doorway to the East African Community.¹⁰⁸ Further Onjala,¹⁰⁹ explains the rationale behind China's attention on Kenya. He mentions Kenya as an important aspect of China's commercial and economic policy in Africa, as well as a gateway to the continent. Kenya is an excellent regional base for Chinese businesspeople looking to expand their operations in Africa because it is a politically stable country.

Ogutu, also observes that the lack of external financing during the latter years of the Moi dictatorship in the late 1990s contributed significantly to Kenya's

¹⁰⁶ Kennedy Mwengei, "A Study on the Impact of China's Investments in Africa; the Case of Kenya." Finance Management, 23 Mar. 2013

¹⁰⁷ Mulinge, Esther. *An Analysis of China-Kenya Bilateral Relations on Infrastructure Development*. Discussion Paper No. 134. (2012).

¹⁰⁸ Mulinge, Esther. (ibid)

¹⁰⁹ Onjala, Joseph. "A scoping study on China-Africa economic relations: The case of Kenya." Revised Final Report Submitted to AERC (2008).

economic free fall.¹¹⁰ The infrastructure sector was the hardest damaged in this regard, having a significant impact on the economy. Wekesa, et al,¹¹¹ on the other hand asserts that Kenya is defined by a failing road system, an unreliable and pricey power supply, a weak communication system, and a disregard for how infrastructure technology works, including inadequate and subpar water providing. The public works system (infrastructure) deteriorated due to poor performance, growing urbanization, a rise in the population, unfavorable weather patterns, and a lack of resources committed to building, upgrading, and maintaining the current stock.. The consequent bad effects of these factors were made worse by improper public works facility procurement practices, which included suffocating poverty throughout the nation.

Ogutu (ibid) adduces that due to the aforementioned circumstances, Kenya's economy had to be based on highly effective public works services (infrastructure) that provided value for the money spent on their development, enlargement, and maintenance. Only then could Kenya make an impact and compete successfully on a global scale. Wekesa, (ibid) also observed that following the deteriorating infrastructural conditions, the public works network became a crucial pillar for the revival of the economy.¹¹² This paper contends that Kenya's fragile economic situation called for a major policy change that isolated Kenya from its old development allies and placed it in China's orbit. In order to revive and sustain the

¹¹⁰Ogutu, Obare VJ. "*Infrastructural Development as a Determinant of Kenya–China Economic Relations*." PhD diss., University of Nairobi, 2020.

¹¹¹Wekesa, Carol Teresa, Nelson H. Wawire, and George Kosimbei. "Effects of infrastructure development on foreign direct investment in Kenya." *Journal of Infrastructure Development* 8, no. 2 (2016): 93-110.

¹¹²Wekesa, Carol Teresa, Nelson H. Wawire, and George Kosimbei. "Effects of infrastructure development on foreign direct investment in Kenya." *Journal of Infrastructure Development* 8, no. 2 (2016): 93-110

economy, Kenya looked for new sources of development assistance, including FDIment in infrastructure.

2.4 Kenya-China bilateral relations in Infrastructure Development

According to Gu and Lisa, with respect to the development of infrastructure, from 2000 and onward, China supports development of infrastructure in the African continent. According to the study by Gu and Lisa (ibid), a number of projects in Kenya were conceptualized by the Chinese government in cooperation with the Kenyan government. These initiatives were led by several government departments and agencies, while the EXIM Bank of China financed the project. The role of China in Kenya compared to other development partners such as the United States and the European Union is a source of growing contention. This growing discussion has resulted in political declarations such as "looking East." Looking East indicated that Kenya will engage in greater trade with Eastern countries rather than Western countries. The study by Gu and Lisa (ibid) also shows that the Institute of Economic Affairs (IEA) has begun to discuss whether going east is Kenya's sole choice for development.

Kenya has sought to benefit from Bridges and Roads initiative (BRI) in order to acquire skills, finances and assets necessary for development of infrastructure for better connectivity, trade and business. The study by Gu and Lisa, also state that Kenya and China have also signed various agreements under technology, energy, trade, education and tourism at national level and between corporate partners.¹¹³ Kenya has not only benefitted from creation of more employment opportunities but

¹¹³ Gu, Jing, and Lisa Trebs. *Kenya Case Study: Investigating Potential for Kenya-China-UK Trilateral Cooperation: From Rhetoric to Practice in Development Cooperation.* Brighton: Institute of Development Studies (2020).

also from improved economic performance. Miriam, et al¹¹⁴ state that despite creation of 50,000 local jobs in 2018, existing concerns have been raised to the extent that Kenya gets a raw deal in its trade relationship with China due to the large trade deficit amounting to USD 1.1 billion.

The Chinese government hopes that once the BRI is operational, it will help South Sudan and Uganda's oil exports, which have been hampered by disagreements with the Democratic Republic of Sudan, making it impossible to send oil to China and other nations. Farooq, et al.,¹¹⁵ report that the Chinese seek to adopt the Kenyan route, which would streamline the process of transporting oil through Sudan, to maximize their interest in Sudanese oil profitable because exporting oil from Sudan is difficult. Kennedy also mentions that China sees Kenya as a hub for its African economic and commercial strategy, as well as a route to the East African region, which explains why it has invested in Kenya.¹¹⁶

Economic experts from Kenya and throughout the world are arguing vehemently about whether the Belt Road Initiative will result in meaningful development as China's influence grows in Kenya. Since the state debt exceeds \$50 Billion, making Kenya the fifth-most indebted country in Africa, the debt level is what most worries and unnerves people. Begleitner, postulates that there have been allegations that China is pursuing its foreign policy goals using "debt-trap

¹¹⁴ Miriam Omolo, Dr, Ruth Wanja, and Stephen Jairo. "Comparative Study of Kenya, US, EU and China Trade and Investment Relations." (2016). Institute of Economic Affairs (IEA Kenya)

¹¹⁵Farooq, Muhammad Sabil, Tongkai Yuan, Jiangang Zhu, and Nazia Feroze. "Kenya and the 21st Century maritime silk road: implications for china-africa relations." *China Quarterly of International Strategic Studies* 4, no. 03 (2018): 401-418.

¹¹⁶ Kennedy Mwengei, "A Study on the Impact of China's Investments in Africa; the Case of Kenya." Finance Management, (2013), [www.elixirpublishers.com/articles/1364041481_56A\(2013\)13706-13714.pdf](http://www.elixirpublishers.com/articles/1364041481_56A(2013)13706-13714.pdf).

diplomacy".¹¹⁷ Despite the debt accrued by Kenya, China, has played a critical role in its infrastructural development. The following are flagship projects spearheaded by China in Kenya.

Table 2. 2: Flagship Projects Funded by China 2009-2021 in Nairobi region

| Name of Project and Year | Contractor | Financing | Type of Funding |
|---|---|--------------------------------------|------------------------|
| Nairobi Expressway | CRBC | US\$ 668M - CRBC | Investment |
| Dualling of the Eastern Bypass (2021) | China Communication Construction Company | US\$ 90M – Government of Kenya | Investment |
| | | US\$ 17M – Unverified financier | Loan |
| Thika Road BRT Pilot project (2021) | Stecol | US\$ 40.3 – Foreign financiers | Loan |
| | | US\$8.9M – Government of Kenya | Investment |
| Nairobi-Thika Road (2009) | i. China Wu Yi ii. Sinohydro iii. Shengli Engineering | US\$ 100m – Exim Bank of China | Loan |
| | | US\$ 180M – African Development Bank | Loan |
| | | US\$ 80M – Government of Kenya | Investment |
| Nairobi Western Bypass (2019) | China Road and Bridges Corporation | US\$ 173m – Exim Bank of China | Loan |
| Nairobi Northern and Eastern Bypasses (2009-2014) | China Road and Bridges Corporation | US\$ 72.25m – Exim Bank of China | Loan |
| | | US\$ 12.75m – Government of Kenya | Equity |
| Nairobi Southern Bypass (2012) | China Road and Bridges Corporation | US\$ 153m – Exim Bank of China | Loan |
| | | US\$ 27m – Government of Kenya | Investment |

¹¹⁷ Begleiter, Andrea Villarnovo Lopez. "The Dragon Stretches Its Wings: Assessing the Geopolitical and Economic Implications of China's Belt and Road Initiative in Pakistan and Kenya." Thesis, University of Pennsylvania (2019).

2.4.1 Nairobi Expressway

A study by Centric Africa Limited,¹¹⁸ shows that the 27.1km (16.8 miles) Nairobi Expressway, which connects the nation's primary airport and the capital, was built by the China Road and Bridge Corporation (CRBC). The parent firm of CRBC, the state-owned China Communication Construction Company (CCCC), provided funding for the US\$668 million project. The road travels along the Nairobi-Mombasa Road from the Mlolongo district to an interchange with Airport South Road at Jomo Kenyatta International Airport. The route travels a further 12 kilometers along the current road to the Likoni Road Junction (7 miles). The toll road travels 12.5 kilometers (kilometers) north from the Likoni Road connection to the James Gichuru Road junction (8 mi). From there, the route travels another 25 km (16 mi) or so along the Nairobi-Nakuru Road until Rironi, where the toll road comes to an end. The toll road is around 50 kilometers long overall (31 miles). For 27 years, Moja Expressway, a CRBC subsidiary, will manage the highway, with tolls collected to cover operating costs. The Nairobi Expressway was completed in May 2022 and was opened on 14 May for public use.

2.4.2 Dualling of the Eastern Bypass

CCCC is undertaking the dualling of the Eastern Bypass at a cost of Sh12.5 billion. According to government documents, the project started in October of last year, not long after Kenya agreed to a Sh2 billion loan with an unnamed lender for the dualling of the 28km road. Under Kura, the Eastern Bypass begins in City Cabanas and travels via Ruai, crossing Thika Road on the way, before joining the Northern Bypass. A busy piece of road will be dualled, and five significant vehicular crossings

¹¹⁸ Centric Africa Limited. *Environmental and social impact assessment for the proposed Nairobi expressway project, Volume 1*. KeNHA [online] https://naturaljustice.org/wp-content/uploads/2020/02/Nairobi-Expressway-NEMA-Submission-for-printing_centric_Jan-15-2020-FINAL-2.pdf.

involving bridges will be built as part of the project. Currently, the completion rate of the dualling of the Eastern Bypass stands at 72%.¹¹⁹ The project is forecasted to be 100% completed by October 2022.

2.4.3 Thika Road BRT Pilot Project

A report by Mwendu,¹²⁰ indicates that the Thika Road BRT Pilot project was inaugurated 2020 with the signing of a Sh5.8 billion agreement between the State and Stecol Corporation, formerly SinoHydro Tianjin Engineering Company Ltd, for the building of the BRT system. According to the agreement, the Chinese company would create special lanes for high-capacity buses, each of which can accommodate 160 passengers, between Haile Selassie in the heart of the city and Clayworks on the Nairobi-Thika highway. The company was charged with rebuilding Thika Road to add BRT infrastructure such as boarding stations and footbridges to make access to the buses easier and turning the two innermost lanes into dedicated lanes for buses. This project is still ongoing with a completion rate of 82.8%.¹²¹ The project was completed in July 2022.

2.4.4 Nairobi-Thika Highway Project

A study by Miriam, et al,¹²² indicates that according to the African Development Bank, this project was approved in November 2007, and was a brain child of China that cost approximately \$360 million. Aside from the Government of Kenya's \$80 million in counterpart funding, the rest of the funds for the projects were

¹¹⁹ Kinyanjui, Maureen. *Eastern Bypass dualling 72 percent complete – Kura*. The Star. (2022) [online] <https://www.the-star.co.ke/counties/nairobi/2022-07-08-eastern-bypass-dualling-72-percent-complete-kura/>. Retrieved on 8th July 2022

¹²⁰ Mwendu, Judy, 2022, *Thika Road BRT System to Begin Operations in July*. Construction Kenya [online] <https://www.constructionkenya.com/4465/kenya-bus-rapid-transit-system/>.

¹²¹ KURA. *Ongoing projects*. Kura website (2022) [online] <https://www.kura.go.ke/index.php/projects/on-going>. Retrieved on 8th July 2022.

¹²² Miriam Omolo, Dr, Ruth Wanja, and Stephen Jairo. "*Comparative Study of Kenya, US, EU and China Trade and Investment Relations*." (2016). Institute of Economic Affairs (IEA Kenya)

given by the African Development Bank Group through a funding package through the African Development Fund. However, the EXIM Bank of China provided the majority of the project funding.

A new, broader, and safer highway was required due to the Nairobi-Thika road's severe traffic congestion and numerous accidents. Both the number of cars and the metropolitan areas along the stretch have grown quickly. As a result of the increased traffic, excessive fuel consumption and significant levels of vehicle pollution inevitably followed. Everyone who lives along the Nairobi-Thika route has benefited from the motorway. A study by Omondi,¹²³ shows that the distance between Nairobi and Thika may now be traveled in around 40 minutes rather than the two hours it used to take. The main commercial hubs of Kenya, Marsabit, Isiolo, Moyale, and Mandera, are all connected to Nairobi by the superhighway. The highway also links Kenya to Ethiopia and Tanzania in the north and south, respectively, and is regarded as a safe route.

2.4.5 Nairobi Western Bypass Highway

This highway is 16.6 kilometers and it connects Gitaru on the Southern Bypass and Ruaka on the Northern Bypass. Nyongesa,¹²⁴ observes that China Road and Bridge Corporation (CRBC) built this road for a cost of US\$ 173 million (Kshs 17.3 billion), which was paid for by the Exim Bank of China. He further observes that by connecting to other bypasses, such as the Southern bypass, the Northern bypass, and the Eastern bypass, the Nairobi Western Bypass would help reduce traffic and congestion in Nairobi. This is a completed project; it was completed in June 2022.

¹²³ Omondi, Dominic. *Chinese firm wins yet another lucrative project*. The Saturday Standard. (2016) [online] <https://www.standardmedia.co.ke/business/business/article/2000207244/chinese-firm-wins-yet-another-lucrative-project>.

¹²⁴ Nyongesa, Calistus B. "Assessing Functions of Bypass Roads in Cities and Towns: A Case Study of Eastern Bypass in the City of Nairobi." PhD diss., University of Nairobi, (2019).

2.4.6 Nairobi Northern-Eastern Bypass Road Project

Newcomb,¹²⁵ China has supplied funds to Kenya for a variety of road construction projects since 2006. According to the Newcomb report (ibid), Kshs 510,000,000 was sanctioned by Mwai Kibaki under a contract for economic and technological cooperation. According to the aforesaid report, as part of the deal on economic and technological cooperation, China offered Kenya with grants and loans on favorable terms. These loans and grants totaled Kshs. 8.5B and KSh 2.16B, respectively, for the construction of the Northern and Eastern Bypass routes. The 32 km Eastern Bypass connects Nairobi-Mombasa Road at Airport North Road, Embakasi, Utawala, Ruai, Varsity Ville East, and terminates at Ruiru Road Junction. The 21 kilometers Northern Bypass in Nairobi connects Limuru Road to Thika Road. The Northern bypass was completed in 2014 while the Eastern bypass was completed in 2021.

A study conducted by Ogutu,¹²⁶ found that the Nairobi Eastern Bypass, one of these roads constructed primarily as a detour for local and transit traffic in the city of Nairobi, has particularly drawn remarkably high levels of traffic instead and has been unable to function as a bypass in a timely manner, the study found. Bypasses were essential for tackling stifling traffic issues, environmental degradation, road hazard, and how cities and towns could develop economically. By determining the origin, time of travel, traffic patterns, rate of flow, current and anticipated volume, and any impediments to movement, the study assessed the utility of the Eastern Bypass. The study also contrasted a number of Eastern Bypass characteristics with current requirements for bypasses. In conclusion, the survey discovered that conventional cars

¹²⁵Newcomb, Candice S. "The impact of Chinese investments on the Kenyan economy." PhD diss., Chapman University, 2020.

¹²⁶Ogutu, Obare VJ. "*Infrastructural Development as a Determinant of Kenya-China Economic Relations*." PhD diss., University of Nairobi, 2020.

rather than large trucks made up 43% of the vehicles using the Eastern Bypass. 35 percent of traffic on the bypass was made up of goods vehicles, while 12 and 22 percent of it was made up of other public service vehicles. According to the report, the eastern bypass was used by close to 40,000 public passenger vehicles per day.

2.4.7 Nairobi Southern Bypass Road Project

The Southern Bypass Highway, which is 29.6 kilometers long and cost US\$180 million (Kshs 18 billion) to build, was built by CRBC, according to Nyongesa (ibid). China's Exim bank funded 85% of the total cost, or US \$ 153 million, with the Kenyan government contributing the remaining 15%, or US \$ 27 million (national investment). The road was designed to reduce traffic jams in the city's center and to reroute traffic from Mombasa away from the city center into other locations. The project was completed in November 2016 and was commissioned by the president of Kenya, Uhuru Kenyatta.

2.5 Conclusion

Over the years and evolution has been witnessed in the relations between Kenya and China from one sector to another. Notably, this has been evident within the infrastructure sector. Through these bilateral relations, the infrastructure of Kenya has improved. However, different cases have been brought forth concerning the remuneration of local employees by the Chinese companies which have been awarded contracts on infrastructural projects within the roads subsector in Kenya. The next chapter, therefore, will seek to investigate and provide an understanding of the effects of Kenya-China bilateral relations in infrastructure development on the remuneration of local employees by construction firms both multinational corporations and local indigenous firms.

CHAPTER THREE: REMUNERATION OF LOCAL EMPLOYEES BY MULTI-NATIONAL COMPANIES

3.1 Introduction

This chapter covers literature review on the compensation of local employees by multi-national companies. The chapter looks at studies conducted by different scholars in different countries to establish how company ownership impacts compensation. The chapter culminates with a specific focus on Kenya-China's bilateral relation in infrastructural development and its effect on the average compensation of local employees in Kenya.

3.2 Company Ownership and Remuneration of Local Employees

The company ownership in a foreign country is a great determinant of the remuneration of local employees. This is because, different foreign companies compensate the local employees differently. This is also influenced by the reliance of foreign labour. Therefore, this section seeks to provide empirical review on the remuneration of local employees by different foreign companies. Moreover, it covers how the over-reliance of foreign labour impact on the compensation of local employees.

According to Rounds and Huang,¹²⁷, not all American-owned businesses clearly distinguished between positions and salaries. Through interviews, a mid-level management at a franchise of an American multinational who was the sole foreigner there revealed the manner in which American-owned company has appointed Kenyan CEO who had a substantial impact on the organizational structure and ensured that Kenyans were given priority. While observing a particular American multinational,

¹²⁷Rounds, Zander, and Hongxiang Huang. *We are not so different: A comparative study of employment relations at Chinese and American firms in Kenya*. No. 2017/10. Working Paper, 2017..

the author saw how executive leadership posts were awarded upon qualifications rather than nationality. The writers discovered that a Kenyan formerly held the highest position in the American-owned corporation, which afterwards changed to be directed by a Nigerian. Conflicts between foreign and local personnel are, in fact, less likely in large multinational firms since they assets to allocate to recruiting, developing, and maintaining local employees. Management staff at relatively small American companies provided one potential explanation for disparities in the perception of a "talent gap" between the organizations, stating that they lack the capability to employ and retain competent Kenyans. The study showed that based on the ownership of the company, American companies in foreign countries are more receptive to using local employees; however, this is also influenced by the size of the firms.

According to a Tang's,¹²⁸ research in Angola that focused on 35 Chinese businesses, MOFCOM employees in China make on average about 60% more than their local counterparts. But in addition to the compensation, hiring a Chinese also entails paying for meals, lodging, one to two excursions to China annually, work permits applications and work permits extentions. As a result, hiring a Chinese employee actually results in a three to fourfold increase in cost. The study showed that for the Chinese companies, seeking labour from China was an expensive endeavor unlike hiring local employees. The study differed with that of Rounds and Huang, who established that American companies were more receptive to hiring local employees.

¹²⁸ Tang, Xiaoyang. "Bulldozer or locomotive? The impact of Chinese enterprises on the local employment in Angola and the DRC." *Journal of Asian and African Studies* 45, no. 3 (2010): 350-368.

A study by Emmanuel,¹²⁹ claims that the poor remuneration to local employees by Chinese businesses in Angola are attributed to the allocation of 70% of the contracts to the Chinese companies, leaving local contractors with only 30%. In the long run, this can stunt the growth of regional industry and increase reliance on China. Emmanuel, (ibid) further states that there is no obvious demarcation or division between the "Government - State - Party" in Angola. Foreign investors typically enjoy the support of powerful politicians and are therefore rarely held accountable for the infringement of employees' rights. This issue is not limited to Chinese businesses; it also affects foreign investors. Therefore, it can be concluded that the local employees working for foreign companies in Angola do not enjoy adequate remuneration due to the political interference with regards to which companies are awarded different projects. Therefore, for local employees in Angola to be remunerated competitively by Chinese companies, the political corruption must be addressed first.

The analysis by Emanuel (ibid) also revealed that, while there is broad variety, the wage rates by Chinese companies to different types of employees in Angola are generally lower on average. Oya and Schaefer found that in the manufacturing sector, low-skilled employees in Angolian companies were remunerated one-third more as compared to the employees in the Chinese companies. In contrast to the latter, where there is no discrimination among Chinese as well as other foreign corporations, the sampled Angolan manufacturing workers—who were mostly hired on a permanent contract paid more. Low-skilled industrial employees and semi-skilled construction workers were the two groups of workers examined in the study, although statistically significant distinctions between them were not found.

¹²⁹Emmanuel, Vete Willy. "3.9 Chinese investments in Angola." *Chinese Investments in Africa: A Labour Perspective* (2009): 366.

The findings agreed with results by Tang¹³⁰ that a decade ago later, the Chinese companies still take advantage of local workers in Angola by paying them low salaries/wages in comparison to local and other foreign companies.

Additionally, Oya and Schaefer,¹³¹ found that in the case of Angolan reduced salaries would not necessarily translate into lower living expenses. Fei Ding, supporting Oya and Schaeffer in their findings by stating that Chinese businesses frequently use the "dormitory labor regime," where workers are typically provided with housing and food on the job sites as a type of "social wage," mimicking domestic Chinese labor norms.¹³² Here, reducing absence from work and ensuring labor control and discipline are the overriding goals. The goal for this is that essential living expenditures are covered by Chinese firms, which may result in some Chinese company employees earning lower monthly cash earnings.

It is crucial to keep in mind that, despite the fact that non-Chinese company employees may occasionally receive extremely high compensation in relative terms, their income is frequently influenced by high cost of rent and food stuff, which could lead to lower living earnings in contrast.¹³³ However, most research on Chinese hiring practices in Africa does not account for the "dormitory labor regime" feature. For instance, SinoHydro Corporation Ltd. used a "dormitory labor system" during building the Bui Dam hydro project in Ghana since it was difficult to obtain housing in Bui town. Although this Chinese company was the only one of the covered companies by the African Labour Research Network (ALRN) study to offer free

¹³⁰ Tang, Xiaoyang. "Bulldozer or locomotive? The impact of Chinese enterprises on the local employment in Angola and the DRC." *Journal of Asian and African Studies* 45, no. 3 (2010): 350-368.

¹³¹ Oya, Carlos, and Florian Schaefer. "Chinese firms and employment dynamics in Africa: A comparative analysis. IDCEA Synthesis Report." (2019).

¹³² Fei, Ding. "The compound labor regime of Chinese construction projects in Ethiopia." *Geoforum* 117 (2020): 13-23.

¹³³ Oya, Carlos, and Florian Schaefer. "Chinese firms and employment dynamics in Africa: A comparative analysis. IDCEA Synthesis Report." (2019).

housing to its employees, the impact of this system on the "social wage" is not taken into account in the analysis of salary differences.¹³⁴

A study on the compensation of local employees in Ghana by Indian and Chinese enterprises was done by Akorsu and Cooke,¹³⁵ The article made the case that given the weaknesses of the country and the resulting broad levels of autonomy by MNCs, it is unlikely that global corporations would then knowingly and willingly embrace a greater standard of labour practices without genuine advantages for the company. Smaller MNCs from emerging countries including India and China are particularly affected by this, as they typically avoid being examined by international pressure groups. The study discovered that pay for Ghanaian employees at GUMCO, a Chinese ceramic producer in Ghana, ranged between US\$2.2 and US\$10 per day, exceeding both the country's US\$1.9 per day (as of 2008) minimum wage and the US\$1.9 per day offered by the Indian comparable factory. This shows that contrary to findings by Ofosu and Sarpong,¹³⁶ Chinese companies offer higher remuneration to local employees in Ghana unlike other foreign companies such Indian firms.

Baah and Jauch,¹³⁷ found that a copper mine company owned by the Chinese paid its employees 30% below other mines in Zambia. Chinese copper mining companies typically do not provide local workers with any substantial perks, and in some cases they even disregarded legally required benefits. Only those Chinese enterprises with a significant trade union representation had wages that were higher

¹³⁴Ofosu, George, and David Sarpong. "The evolving perspectives on the Chinese labour regime in Africa." *Economic and Industrial Democracy* (2021): 0143831X211029382.

¹³⁵ Akorsu, Angela Dzedzom, and Fang Lee Cooke. "Labour standards application among Chinese and Indian firms in Ghana: typical or a typical?." *The International Journal of Human Resource Management* 22, no. 13 (2011): 2730-2748.

¹³⁶Ofosu, George, and David Sarpong. "The evolving perspectives on the Chinese labour regime in Africa." *Economic and Industrial Democracy* (2021): 0143831X211029382.

¹³⁷Baah, Anthony Yaw, and Herbert Jauch. *Chinese investments in Africa: A labour perspective*. African Labour Research Network, 2009.

than the national average. Compared to their African counterparts, Chinese employees received much better pay and additional benefits. The study showed that local employees working for local mines were better remunerated as compared to the local employees working for the Chinese mines. This shows that the ownership of companies directly impacts local employees remuneration.

A study by Rounds and Huang,¹³⁸ indicates that human rights violations were allegedly occurring at four mines owned CNMC. HWR draws the conclusion that Zambians endure harsh working circumstances that fall short of regional copper mining industry norms as well as national and international standards. Particularly, miners at these Chinese enterprises complained about unsafe and unhealthy working conditions as well as long shifts. The research claims that these circumstances are the result of managerial negligence on the part of Chinese enterprises, which regularly disregarded safety and health precautions. HRW also discovered that the Chinese businesses aggressively stymied any opposition to their unethical behavior by restricting union operations. The article fueled a firestorm of criticism directed towards Zambian and other overseas Chinese in Africa. Since then, the report has served as a fulcrum for arguments against China in Africa.

According to Lee Kwan,¹³⁹ of the significant mining businesses in Zambia, NFC Africa Mining Plc (NFCA), which is majority controlled by Chinese investors, is recognized for paying the lowest wages. She also made note of the workers' main complaint, which was inadequate pay, at the China-Tanzania joint venture Urafiki Textile in Dar es Salaam. Similar circumstances were observed at the previous China-

¹³⁸Rounds, Zander, and Hongxiang Huang. *We are not so different: A comparative study of employment relations at Chinese and American firms in Kenya*. No. 2017/10. Working Paper, 2017.

¹³⁹ Lee, Ching Kwan. "Raw encounters: Chinese managers, African workers and the politics of casualization in Africa's Chinese enclaves." *The China Quarterly* 199 (2009): 647-666.

Zambia joint venture Mulungushi Textile by Brooks Andrew,¹⁴⁰ where the wages of the Zambian employees barely covered a family's essential necessities. Both Lee and Brooks¹⁴¹ saw the casualization of employment as the cause of the low salaries in Chinese businesses, as earlier socialist employment systems with high welfare systems had given in to the exploitative logic of capitalist industry. In Zambia, Tanzania, and many other African nations, casualization affects every industry. However, Chinese businesses stand out among global investors because they have just gone through a similar shift. Therefore, in the examples of Urafiki and Mulungushi, low wages were a reflection of the difficulties encountered during the changeover.

Chinese businesses in Ethiopia likewise follow the same business principles. Tang,¹⁴² noted that Huajian Shoe Company had made a multi-million dollar investment to build a highly automated factory. Eight hundred new employees were hired, and 86 of them were transferred to China for training. Even so, they paid their employees less than the national average—just 600 Birr (\$35) per month. This demonstrates how Chinese businesses in Ethiopia exploit local workers by underpaying them.

The findings by Tang, (ibid) were contradicted by a study by Oya,¹⁴³ discovered that although Chinese businesses often offer poor rates than the rivals within similar industries, they generally follow national minimum wage laws, according to the majority of empirical studies that are currently accessible. Pay may not necessarily be lower than national or sector averages. When workers in the

¹⁴⁰ Brooks, Andrew. "Spinning and weaving discontent: labour relations and the production of meaning at Zambia-China Mulungushi Textiles." *Journal of Southern African Studies* 36, no. 1 (2010): 113-132.

¹⁴¹ Xiaoyang, Tang. "Does Chinese employment benefit Africans? Investigating Chinese enterprises and their operations in Africa." *African Studies Quarterly* 16, no. 3/4 (2016): 107.

¹⁴² Xiaoyang, Tang. "Does Chinese employment benefit Africans? Investigating Chinese enterprises and their operations in Africa." *African Studies Quarterly* 16, no. 3/4 (2016): 107.

¹⁴³ Oya, Carlos. "Building an industrial workforce in Ethiopia." *Historical Lessons and Current Dynamics*. (2019): 668-686.

Chinese factories in the zone think the average earnings to be poor, Fei¹⁴⁴ discovered while conducting research in the Eastern Industrial Zone of Ethiopia that they are far higher than the national average. This implies that the labour laws of any nation must be clear about the national average wage/salaries to protect local employees from foreign companies that may seek to exploit their labour. In Ethiopia, Bashir, 2015)¹⁴⁵ targeted Chinese businesses in 2012; the study was carried out in cooperation with the World Bank. According to Bashir's report, Chinese companies' median pay were 60% more than those of local companies. Chinese companies pay a higher median wage (\$2296) than domestic companies (\$1380).¹⁴⁶

A study by Guliwe and Skhumbuzo,¹⁴⁷ reported similar labor violations in South Africa, such as the lack of maternity pay and sick leave. According to the study, there is considerable anecdotal support for salary discrimination between local employees and Chinese firms. Sometimes there is no written record of payments given to employees. The fact that there are no forums for collective bargaining and that unions are not recognized is a clear indication of the "sweatshop" character of the jobs held by these enterprises. According to the study, local South African workers employed by Chinese enterprises are not able to collectively negotiate, which prevents them from receiving adequate compensation in comparison to Chinese workers. The process of negotiating regulations for the workplace, hours of operation, working conditions, and wages is known as collective bargaining. Typically, a union handles collective bargaining, giving the employer a productive means of reacting to and

¹⁴⁴Fei, Ding. *Work, employment, and training through Africa-China cooperation zones: evidence from the Eastern Industrial Zone in Ethiopia*. No. 2018/19. Working Paper, 2018.

¹⁴⁵ Bashir, Sajitha. "The Imperative of Skills Development for the Structural Transformation of Sub-Saharan Africa." Potential for China-World Bank-Africa Collaboration. Investing in Africa Forum, Addis Ababa (2015).

¹⁴⁶Tran, Trang. "Labor and skills in Chinese FDI firms in Ethiopia." *Washington, DC. doi 10* (2014): 26772.

¹⁴⁷Guliwe, Thulani, and Skhumbuzo Mkhonta. "3.7 Chinese investments in South Africa." *Chinese investments in Africa: A labour perspective* (2009): 300.

interacting with the employees. This is done through a spokesperson or representative who is employed by the union to represent the interests of the member employees.¹⁴⁸ Therefore, given that most Chinese companies do not approve of trade unions, it is likely that the Angola workers did not have any bargaining power for better remuneration contrary to their counterparts, the Chinese workers.

Contrary to the findings by Guliwe and Skhumbuzo, (ibid)¹⁴⁹ Huang and Ren,¹⁵⁰ found no discernible difference in wages between employees of Chinese companies and those of their rivals in South Africa, despite the fact that wages in several industries were higher at Chinese companies. This is an indication that the remuneration of local employees by foreign companies are determined by the company ownership as well as the industrial sector.

According to research conducted in Nigeria by Atomre et al,¹⁵¹, the reason why Chinese businesses paid local workers such cheap salaries is because the country's labor laws and provisions are woefully inadequate for the needs of modern business. There is, therefore, a need to examine and monitor compliance with global standards and to increase worker protection. The study by Atomre, (ibid) observes that in order to ensure transparency, accountability and good governance in organizations, civil society and organized labor unions should be in charge of monitoring the application of the labor laws. The fact that Nigeria lacks adequate laws to protect their local workers against foreign companies that take advantage of local

¹⁴⁸Clauwaert, Stefan, and Isabelle Schömann. "The crisis and national labour law reforms: a mapping exercise." *European Labour Law Journal* 3, no. 1 (2012): 54-69.

¹⁴⁹Guliwe, Thulani, and Skhumbuzo Mkhonta. "3.7 Chinese investments in South Africa." *Chinese investments in Africa: A labour perspective* (2009): 300.

¹⁵⁰Huang, Meibo, and Peiqiang Ren. "A study on the employment effect of Chinese investment in South Africa." Centre for Chinese Studies. Stellenbosch University, South Africa (2013).

¹⁵¹Atomre, Evelyn, Joel Odigie, James Eustace, and Wilson Onemolease. "Chinese investments in Nigeria." *Chinese investments in Africa: A labour perspective. Accra and Windhoek: African Labour Research Network* (2009): 333-365.

labour works for the benefit of the Chinese companies that do not intend on properly remunerating local employees.

3.2.1 Multi-National Companies Over-Reliance on Foreign Employees

The insufficient use of local human resources, notably managerial and trained people, by Chinese Construction Firms (CCFs) carrying out projects in Africa is a significant problem that has been noted by academics and policy makers. According to Chen, et al¹⁵² in an empirical study of CCFs in Africa, on average, discovered that while CCFs hire an equivalent number of Chinese and local employees, they preferentially prefer Chinese nationals for management roles. In fact, the study found that less than 10% of skilled positions were held by locals. This is an implication that Chinese companies still rely on labour from other Chinese employees even if they are undertaking a project in other countries.

Moss and Rose,¹⁵³ noted that Chinese businesses commonly import workforce, limiting the consequences on the economy as a whole and supports this trend. Munyi,¹⁵⁴ highlights the worries that have been expressed over the probable loss of engineering talent and knowledge in addition to the demise of local construction companies as a consequence of the intrusion of Chinese construction corporations. Furthermore, the nature of employment is changing as more international workers are hired by Chinese companies.

According to Tang, (ibid) governments support local hiring, and economic considerations also drive this practice. Many African nations have severe rules on

¹⁵²Chen, Chuan, Andrea Goldstein, and Ryan J. Orr. "Local operations of Chinese construction firms in Africa: An empirical survey." *International Journal of Construction Management* 9, no. 2 (2009): 75-89.

¹⁵³Moss, Todd, and Sarah Rose. "China Exim Bank and Africa: new lending, new challenges." *Center for Global Development Notes* 3 (2006).

¹⁵⁴Munyi, Elijah Nyaga. "Embracing the Dragon: African policy responses for engaging China and enhancing regional integration." (2011).

hiring locals and providing work permits to foreigners in order to combat excessive domestic unemployment. The study by Tang observes, for instance, that Egyptian law requires hiring a ratio of 1:9 of foreign and Egyptian employees.¹⁵⁵ Similar rules apply in Angola, where companies must employ at least 70% Angolans, with few exceptions allowed for public projects. In Ethiopia, as of 2009, only two permits for foreign residents are issued for each registered business. Chinese businesses frequently consider expanding their local workforces even in the absence of government restrictions because doing so can significantly lower labor expenses. Tang, (ibid) citing Helen Hai, the CEO of the Huajian shoe manufacturer in Ethiopia, stated that they employ 200 Chinese immigrants because doing otherwise reduces their earnings. According to the CEO, in order to entice Chinese workers to work in Africa, their wages must be doubled. So, it's hoped that they can do as much as they can to cut the number of Chinese employees.¹⁵⁶ This implies that while Chinese companies heavily rely on labour from China while in other companies, they also have to incur extra costs as compared to when using local labour.

The study by Tang, (ibid), however, noted that the number of Chinese employees who sought for employment in foreign countries is decreasing. The study shows that Chinese employees made up over one-third of the workforce in enterprises in the DRC within the first 5 years of operation, compared to 16.8% in companies with a longer history than that. A joint study by Brautigam and Tang,¹⁵⁷ shows that in the early stages of building, machinery installation, and training at Zambia's ECCZ, about 400 Chinese and 500 Zambians were engaged. After the production process was

¹⁵⁵Xiaoyang, Tang. "Does Chinese employment benefit Africans? Investigating Chinese enterprises and their operations in Africa." *African Studies Quarterly* 16, no. 3/4 (2016): 107.

¹⁵⁶Xiaoyang, Tang. "Does Chinese employment benefit Africans? Investigating Chinese enterprises and their operations in Africa." *African Studies Quarterly* 16, no. 3/4 (2016): 107.

¹⁵⁷Brautigam, Deborah, and Tang Xiaoyang. "China's investment in special economic zones in Africa." *Special economic zones: Progress, emerging challenges, and future directions* (2011): 69-100.

stabilized, however, the proportion of Chinese workers dropped to less than 20%. As Ethiopian engineers were granted managerial positions, the China-Africa Overseas Tannery in Ethiopia lowered the number of Chinese specialists from 33 to 23 within a year. Shoe production in Huajian developed much more swiftly. It started running in January 2012 with far more than 300 Chinese employees. By July 2012, indigenous employees had already taken the place of about 100 Chinese expatriates. This trend shows that Chinese companies have slowly started to acknowledge and use local employees in different countries.

3.3 Effects of Bilateral Relations on Infrastructure Development on the Average Level of Wages

Kenya is hardly an exception to China's exponential rise in Africa. Kenya must implement ways to ensure that its connections with China are truly win-win scenarios as it pursues the "Look East" strategy. These collaborations have both beneficial and negative consequences for African countries. Over the last ten years, Chinese building projects in Africa have grown rapidly as a result of the implementation of China's "going out" strategic plan, as well as the assistance and cooperation of the Chinese government, trade organizations, and banks.¹⁵⁸ China's FDI in Kenya increased from Ksh 14 billion in 2014 to Ksh 42 billion in 2015.¹⁵⁹ China has emerged as Kenya's largest foreign investor and one of its most important trading partners..

The protection of workers' rights has become problematic since infrastructure work is labor-intensive. Kenyan employees are better familiar with the local market,

¹⁵⁸ Mulinge, Esther. *An Analysis of China-Kenya Bilateral Relations on Infrastructure Development*. Discussion Paper No. 134. (2012).

¹⁵⁹ Zhao qun. How to Establish Labor Protection Standards for Kenyan Local and Local Workers in Chinese Multinational Corporations. *Washington International Law* 29(2) 455-483

hence Chinese multinational corporations are prepared to hire them.¹⁶⁰ A work permit costs \$4,597, therefore a local technician is also far less expensive than a Chinese technician. Kenyan workers In accordance with the McKinsey Global Institute, more than 390 Chinese companies with an emphasis on the technical, service, and industrial sectors are present in Kenya. As Kenya continues to welcome China, especially to help it in its infrastructure construction agenda, particularly when it comes to ensuring the safety of local workers, the Kenyan government should be cognizant of the necessity to guarantee that Chinese firms do not gain at the cost of Kenyans and local employees make up 78% of full-time workers and 95% of part-time workers in Chinese enterprises, according to a recent World Bank poll.¹⁶¹ Employing locals can aid in the long-term growth of the company if the labor-capital connection is correctly managed. This is so that it can lessen the likelihood of societal disturbance brought on by an influx of labor. However, a lot of businesses simply focus on making quick money and have lenient hiring and firing policies. For instance, many businesses classify local workers as casual employees who earn pay per day or per week rather than having them sign official employment contracts.¹⁶² For Kenyan workers, this practice violates their right to organize a union, their right to be covered by minimum wage legislation, and other social rights. Relations between China and Kenya are harmed by disputes between Chinese companies and Kenyan employees. Chinese companies are held accountable by Kenyan and international civic society for

¹⁶⁰Sanghi, Apurva, and Dylan Conte Johnson. "Deal or no deal: strictly business for China in Kenya?." *World Bank Policy Research Working Paper* 7614 (2016).

¹⁶¹ Zhao qun. How to Establish Labor Protection Standards for Kenyan Local and Local Workers in Chinese Multinational Corporations. *Washington International Law* 29(2) 455-483

¹⁶²Webster, Timothy. "China's Human Rights Footprint in Africa." *Colum. J. Transnat'l L.* 51 (2012): 626.

inadequate labor rules.¹⁶³ When there is no consensus on both sides, these labor-related concerns will constitute a barrier to future China-Africa cooperation.

According to Masta,¹⁶⁴ China is one of Kenya's main partners, particularly in the infrastructure sector. The author, however, points out that Kenya and China's bilateral relations have experienced a variety of difficulties. The study also noted that the inhumane treatment meted out to Kenyan laborers is similar to the working conditions in pre-industrial Britain. Despite the introduction of new labor regulations, the safety, health and dignity of workers are still being abused. Chinese business owners appear to disregard workers' rights without consequence. The author also discovered that Chinese investments in Kenya endanger worker rights because Chinese businesses are against the existence of unions. As a result, as compared to their Chinese counterparts, indigenous employees in Kenya's infrastructure sector are not paid fairly. Therefore, in order to stop further infringement of workers' rights, trade unions must organize employees in challenging situations and, where required, seek out worldwide support. To effectively defend the rights of workers, and trade unions must use strategies including lobbying, negotiation, complaint procedures, and, when required, the implementation of strikes and related industrial actions.

400 striked in August 2010 demanding decent salaries, working conditions, and health insurance as well as an end to oppression, long shifts, and the illegal refusing to release of driver's licenses.¹⁶⁵ The study also indicates that ineffective attempts were made by the KBCTFAIE to negotiate a fair settlement with Sinhydro

¹⁶³Opondo, Maggie. "The impact of Chinese firms on CSR in Kenya's garment sector." *The International Research Network on Business, Development and Society* 7 (2009): 1-18.

¹⁶⁴Masta, Jane. "3.10 Chinese investments in Kenya." *Chinese investments in Africa: A labour perspective* (2009): 384.

¹⁶⁵ International Trade Union Confederation. *Annual Survey of Violations of Trade Union Rights-Kenya*, (2011). Available at <http://www.unhcr.org/refworld/type,Annualreport,KEN,4ea6620128,0.html>. Accessed 4th July 2022.

Corporation, the contractor for Thika Superhighway. The study further states that the employer's lack of good faith caused the tripartite negotiations to fail. To disperse the striking workers, the company management called the police. The Kenyan, Industrial Court granted Synohydro Corporation a 45-day deadline to begin negotiations with KBCTFAIE on a collective bargaining agreement in September 2010. The order by the court for the Chinese company to commence the collective bargaining with the local employees was called for to ensure the protection of the Kenyan workers.

According to Round and Huang,¹⁶⁶ the concept of "casualization," different activities in this particular company were expressly justified as cost-cutting (and profit-maximizing) methods, frequently at the expense of employees. The study, for instance, presented a creative way to avoid paying the minimum wage by bargaining with each of the employees on rates of wage. The study further explained how the Chinese firms fired and then rehired individuals before that period was achieved because Kenyan labor law requires that workers engagement be changed to contract employment after three months of continuous work. This restriction was not even a concern for many supervisors because casual employees seldom ever showed up for work on continuous basis. The Round and Huang study's analysis revealed that the contractors avoided to pay 1 month's wages using brief dismissals, which are normally reserved for serious or legal breaches. These methods of cost-cutting are a sign of more pervasive institutional informality. The results imply that local Kenyan employees are paid according to the applicable labor rules by both Chinese and non-Chinese businesses.

¹⁶⁶Rounds, Zander, and Hongxiang Huang. *We are not so different: A comparative study of employment relations at Chinese and American firms in Kenya*. No. 2017/10. Working Paper, 2017.

A report by Jiabao,¹⁶⁷ indicated that the Chinese companies and in particular, CRBC provided better compensation packages to local employees as compared to the Indian companies in the same sector. The story claims that the Chinese company paid local employees' salaries that were 50% greater than those in Indian companies and 30% higher than the national average. This shows that the company was compliant with the labour laws in Kenya that call for the protection of the local worker.

3.4 Conclusion

Given the high cost of living post the Covid 19 pandemic, the issue of employee compensation has gained the attention of many scholars. In June 2022, during the labour day celebrations, the president of Kenya, Uhuru Kenyatta raised the minimum wage by 12 percent to stand at Ksh. 15,201 per month. The raising of the minimum wage was aimed at helping the Kenyan citizens cushion the rising cost of living. It is, therefore, important to understand whether the multinational companies and in particular, the Chinese companies who are awarded majority of the infrastructural projects adhere to this recommendation and the labour laws in Kenya with regards to compensating local employees. The next chapter will provide an analysis of Kenya-China bilateral relations with a focus on infrastructural development and the remuneration of local employees in Kenya.

¹⁶⁷ Jiabao, Li. *Chinese contractors improve livelihoods of Kenyan workers*. China Daily. [online] http://www.chinadaily.com.cn/world/2013-03/26/content_16344468.htm. Retrieved on 4th July 2022.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter shows the data analysis and presentation. The summary of the respondents' demographic data is presented using descriptive statistical analysis. The chapter presents the summary of analysis, presentations and interpretations.

4.2 Response Rate

The study targeted four construction firms in the road's subsector. Two of the firms were multinational Corporations; namely: China Communication Construction Company, Stecol Corporation while the other two were local construction firms; namely, Ogle Construction and Pinnie Agency Ltd. The study sought to gather data from 250 respondents drawn from the four construction firms. 181 respondents participated in the research, which provided a response rate of 72.4%. This means that 27.6% of the targeted respondents did not participate in the study.

Bryman and Bell found that a 50% response rate produces a fair statistical finding while that of 60% is acceptable and 70% or above is exceptional. This study's response rate was exceptional. Out of the 181 respondents, 169 responded to the questionnaires while 12 took part in the interviews.

4.3 Demographic Characteristics of the Respondents

This section of the chapter captures the distribution of the respondents mainly by analyzing the respondent's demographic characteristics. The information sought under this section entail: participants' age bracket, highest academic qualification,

name of the company, occupation in the company and number of years worked for the company.

4.3.1 Distribution by Age of the Respondents

The study required the participants to clarify their age bracket in order to ensure that information gathered reflects the views of various age groups. The table 4.1 shows the distribution by age of the respondent.

Table 4. 1: Distribution by Age Bracket

| Age | Frequency | Percentage |
|----------------|------------|--------------|
| Below 20years | 11 | 6.1 |
| 20 – 30 years | 86 | 47.5 |
| 31-40 years | 32 | 17.7 |
| 41-50 years | 34 | 18.8 |
| Above 50 years | 18 | 9.9 |
| Total | 181 | 100.0 |

Source: Primary Data (2022)

The distribution by age bracket of the respondents as shown in Table 4.1 indicates that the age bracket of below 20 years had 6.1% response rate, the 20 -30 years bracket had a response rate of 47.5%, the 31- 40 years age bracket had a response rate of 17.7%, the 41-50 years age bracket had a response rate of 18.8% and finally the above 50 years age bracket had a response rate of 9.9%. A further analysis of Table 4.1 also shows that the age bracket of 20-30 years had the highest number of respondents with a response rate of 47.7%. This implies that the construction sector provides employment to the youth.

The finding may be attributed to the high unemployment rate in Kenya which encourages the youth to take up casual jobs in construction sites to earn a living. This is in line with the World Bank report 2021, which indicated that the youth

unemployment rate in Kenya stood at 13.84%.¹⁶⁸ This is a high level of unemployment that forces the youth to settle for casual jobs in construction sites.

4.3.2 Distribution by Highest Educational Qualification of respondents

In order to determine participants' abilities to reply to the questions, the study prompted them to declare their educational level. Furthermore, empirical research suggest that literacy levels are related to people's perceptions, interpretations, and approaches to challenges. Table 4.2 shows the findings on the distribution of respondents' highest educational qualifications.

Table 4. 2: Distribution by Highest Educational Qualification

| Academic Qualification | Frequency | Percentage |
|-------------------------------|------------------|-------------------|
| Secondary level | 13 | 7.1 |
| College level | 91 | 50.3 |
| University level | 45 | 23.8 |
| Post-graduate level | 29 | 18.8 |
| Total | 181 | 100.0 |

Source: Primary Data (2022)

According to table 4.2, 7.1% of participants had attained a secondary level of education, 50.3% had college level of education, 23.8% had university level of education, and the remaining, with a response rate of 18.8%, had post-graduate level of education.

The findings show that all of the respondents had attained at-least a secondary level of education. The level of Academic qualification is important since it prepares individuals to undertake day to day operations in the work environment. The data gathered and analyzed reveals that although a larger number of workers in the four

¹⁶⁸ The World Bank. Unemployment, Youth Total (% of total labour force, ages 15-24) (Modeled ILO estimate) – Kenya. [online] <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=KE>.

construction firms were casual workers, they had some level of academic qualification. This is indicated by the data gathered that showed that cumulatively 74.1% of the participants had a University and college levels of education.

4.3.3 Distribution by Company of Respondents

The respondents were asked the name of the firm they were working for with a view to ensure that the distribution of the respondents from target population was fair. The results of the distribution of research respondents by firm are provided in Table 4.3 below.

Table 4. 3: Distribution by Name of Company

| Name of Company | Frequency | Percentage |
|--|------------------|-------------------|
| China Communication Construction Company | 53 | 29.3 |
| Stecol Corporation | 68 | 37.6 |
| Ogle Construction | 31 | 17.1 |
| Pinnie Agency Ltd | 29 | 16.0 |
| Total | 181 | 100.0 |

Source: Primary Data (2022)

The response data in table 4.3 shows that the respondents were distributed to the four companies targeted by the study. The firms to which the respondents were distributed were: China Communication Construction Company, Stecol Corporation, Ogle Construction and Pinnie Agency Lt. The response rates were CCC 29.3 %, Stecol 37.6%, Ogle Construction 17.1% and Pinnie Agency Ltd with a response rate of 16.0%.

The high number of respondents from the Chinese Construction Firms is attributed to the fact that these companies were awarded large projects that require more employees as compared to the local companies which are awarded smaller projects requiring few employees. A further analysis of table 4.3 shows that the two Chinese

Construction Firms had a cumulative response rate of 66.9% while the two local firms had a total response rate of 33.1%

4.3.4 Distribution by Occupation of Respondents

The study required the respondents to indicate the occupations they held in the respective firms under study. The findings on the distribution by occupation of the respondents are presented in Table 4.4 below.

Table 4. 4: Distribution by Occupation

| Name of Company | Frequency | Percentage |
|-----------------------------|------------------|-------------------|
| Management | 12 | 6.6 |
| Plant and Machine Operators | 12 | 6.6 |
| Drivers | 14 | 7.8 |
| Foremen | 16 | 8.8 |
| General Workers | 127 | 70.2 |
| Total | 181 | 100.0 |

Source: Primary Data (2022)

The Table 4.4 shows that the respondents involved in the study held different occupations. The distribution by firm of the respondents indicates that management had a response rate of 6.6%, Plant and Machine Operators had a response rate of 6.6%, Drivers had a response rate of 7.8%, Foremen had a response rate of 8.8% while General Workers had a response rate of 70.2%. A further analysis of the data in the table 4.4 shows that the response rate of the general workers was 70.2%. This is an indication that majority of the employees in a construction site are usually general workers who are categorized as unskilled workforce. According to the Employment Act of 2007¹⁶⁹, the general workers are also referred to as casual laborers who are paid on a daily basis.

¹⁶⁹ Employment Act of 2007

4.4.4 Distribution by Respondents' Length of Service in the Company

The study required the respondents to indicate the period which they had worked for their respective companies. The distribution by respondents' length of service in the company are presented in Table 4.5.

Table 4. 5: Distribution by Respondents' Length of Service in the Company

| Number of Years | Frequency | Percentage |
|------------------------|------------------|-------------------|
| Below 2 years | 116 | 64.1 |
| 2 to 5 years | 17 | 13.3 |
| 5 to 10 years | 53 | 16.0 |
| Over 10 years | 35 | 6.6 |
| Total | 105 | 100.0 |

Source: Primary Data (2022)

The analysis of data gathered in table 4.5 shows that 64.1% of the respondents worked for the company below two years, 13.3% of the respondents worked 2 -5 years for the respective companies, 16% of the respondents worked 5-10 years for their respective companies while 6.65 of the respondents worked for over 10 years for their respective companies. A further analysis of the data in the table shows that those respondents who worked for 2-5 years had a response rate of 77.5% while those who worked for 2-10 years had a response rate of 93.4%. The largest single response rate, however, of the distribution by respondents' length of service in the companies was for those respondents who worked below 2 years for their respective companies with a response rate of 64.15.

This is attributed to the fact that majority of these respondents hold the position of general workers and the projects were launched to be completed within two years. Normally, the position of the general workers is occupied by individuals seeking employment around the construction sites.

4.4 Distribution by Response on Statements relating to China's Involvement in Kenya's Infrastructure

The study sought to assess the influence of Kenya-China bilateral relations on infrastructural development within Nairobi region. A Likert scale was used to measure the respondents' level of agreement or disagreements on statements on Kenya-China bilateral relations. The findings were presented in table format using percentages, mean and standard deviation. The result of the data analysis is presented on Table 4.6 below.

Table 4. 6: Distribution by Response on Statements relating to China's Involvement in Kenya's Infrastructure

| Statement | SD | | D | | N | | A | | SA | | Mean | Std Dev |
|--|----|------|---|------|----|-------|-----|-------|-----|-------|------|---------|
| | F | % | F | % | F | % | F | % | F | % | | |
| The involvement of China in Kenya's infrastructure development has transformed the country's roads in Nairobi county | - | - | 4 | 2.37 | 14 | 8.28 | 102 | 60.36 | 49 | 28.99 | 4.07 | 0.58 |
| The Chinese Construction Firms complete infrastructure projects at a fast rate | - | - | - | - | 20 | 11.83 | 87 | 51.48 | 62 | 36.69 | 4.18 | 0.61 |
| It is unfair that Chinese Construction Firms get most of the tenders to manage infrastructure projects | 2 | 1.18 | 3 | 1.78 | 15 | 8.88 | 85 | 50.3 | 64 | 37.87 | 3.99 | 0.49 |
| The involvement of China in Kenya's infrastructure development has increased the external debt of the country | - | - | - | - | - | - | 45 | 26.63 | 124 | 73.37 | 4.82 | 0.49 |

| | | | | | | | | | | | | |
|---|----|------|----|-------|----|-------|----|-------|----|-------|------|------|
| The infrastructure projects managed by Chinese Construction Firms in Kenya are of poor quality | 14 | 8.28 | 31 | 18.34 | 58 | 34.32 | 54 | 31.95 | 12 | 7.10 | 3.21 | 1.02 |
| The infrastructure projects operated by Chinese Construction Firms in Kenya can be used for years to come | 2 | 1.18 | 15 | 8.88 | 43 | 25.44 | 65 | 38.46 | 44 | 26.04 | 3.83 | 0.78 |

Source: Field Data, 2022

4.4.1 Transformation of Road's Infrastructure under Chinese Involvement

Table 4.6 indicates that the respondents agreed with the statements that the involvement of China in the infrastructural development in Kenya has transformed the roads in the country (M=4.07; SD=0.58) and that the Chinese Construction Firms complete infrastructure projects at a fast rate (M= 4.18; SD=0.62). The results show that the involvement of Chinese Construction Firms in the infrastructural projects in Kenya have facilitated and driven the development of Kenya. According to the findings, Kenya is one of the most developed countries in the African continent as a result of Chinese Construction Firms being awarded infrastructural projects in the country. Moreover, due to the level of skills and high technology possessed by China, the infrastructural projects awarded to Chinese Construction Firms are usually completed faster in comparison to infrastructural projects awarded to local companies that lack the necessary capacity to implement large projects as a fast pace.

4.4.2 Kenya's External Debt

Despite the identification that infrastructural projects by Chinese Construction Firms have led to development in Kenya, this economic growth and development has not been without its consequences. The respondents agreed with the statement that China's involvement in the Kenyan infrastructural development has increased the

country's external debt (M= 4.82; SD=0.49). This is an implication that despite infrastructural projects by Chinese Construction Firms is critical to the Kenya's development, it has resulted in the country having a large debt to China. As of September 2021, Kenya's debt to China stands at 7.99 trillion¹⁷⁰ with a rising trajectory. This is an indication that while the development spearheaded by doing business with China is propelling Kenya towards an industrialized country, it has also greatly contributed to the rising debt of the country.

4.4.3 Project Tender Awards

According to Table 4.6, the respondents also agreed with the statement "It is unfair that Chinese Construction Firms get most of the tenders to manage projects in infrastructure" (M=3.99; SD=0.49). This is attributed to Chinese construction firms being awarded infrastructural projects. This according to the respondents is unfair, since there are local construction firms that can be awarded similar projects. However, more infrastructural projects are awarded to Chinese Construction Firms¹⁷¹ since they possess the required capital to undertake the projects in terms of financing, technology and skilled staff as compared to the Kenyan Construction Firms. This leads to the questioning of the capacity of local companies to be competitive in the international market.

4.4.4 Durability of Chinese Built Infrastructure

Additionally, the respondents agreed that the infrastructure projects operated by Chinese Construction Firms in Kenya can be used for years to come" (M=3.83 SD=0.78). This implies that while the infrastructural projects implemented by

¹⁷⁰ Mwita, Martin. *China remains boss as Kenya's debt hits a record Sh8 trillion*. The Star. 2022 [online] <https://www.the-star.co.ke/business/kenya/2022-01-31-china-remains-boss-as-kenyas-debt-hits-a-record-sh8-trillion/>.

¹⁷¹ Some of the large infrastructural projects awarded to Chinese companies include the construction of the Nairobi Expressway, the Nairobi-Thika road, and all the bypass highways in Nairobi County.

Chinese Construction Firms have increased Kenya's international debt, they can be used in the years to come. This implies they are sustainable to be used by future generations. Therefore, while critics of the China-Kenyan relations and in particular the Western countries may hold that Kenya is entering into a debt trap by accepting financing by China, the infrastructural projects will still be useful for generations to come.

The respondents neutrally agreed that the infrastructure projects managed by Chinese Construction Firms in Kenya are of poor quality ($M=3.21$ $SD=1.02$). This may be attributed to the fact that the infrastructural projects managed by Chinese Firms can be used in the future. However, in comparison to infrastructural projects by Western companies, the infrastructural projects by Chinese Construction Firms are of poor quality. Despite, this acknowledgement, the Kenyan government is more inclined to develop partnerships with China due to its non-interference policy.

To support the quantitative data, qualitative data was collected from holding interviews with the management staff from two Chinese construction companies and two local construction companies. Twelve management staff were interviewed; three from each of the companies awarded the four infrastructural projects, namely; China Communication Construction Company (dualling of the Eastern Bypass project), Stecol Corporation (Thika Road Bus Rapid Transit (BRT) Pilot Project), Ogle Construction Ltd (Improvement of Nairobi Roads Lot I (Part of missing links)), Pinnie Agency Ltd (Rehabilitation of Innercore Estate Roads).

4.4.5 Non-Interference Policy by China in its involvement in Kenya's Infrastructure Development

Six management staff members were interviewed from the two Chinese Construction Firms with the aim of understanding their opinion on the non-interference policy adopted by the government of China. A respondent¹⁷² indicted that China's investment in Kenya is not only desired by African nations, but is also urgently needed. This is due, in part, to the attractiveness China's non-interference policy, which governs China's economic dealings with Africa, has on many African nations. According to the non-interference policy, China does not meddle in other countries' internal affairs. The adoption of the non-interference policy as indicated by Dorman,¹⁷³ was driven by the territorial disputes within and around the borders of China. Moreover, the fear China had of separatists threats in Taiwan, Xinjiang, and Tibet also drove the promotion of China into adopting a non-intervention strategy with other nations.

Therefore, according to one of the interviewees¹⁷⁴ the non-interference policy adopted by China has been effective in facilitating development and growth in Kenya. This opinion was backed by an interviewee from CCCC¹⁷⁵ who argued that the non-interference policy has not only helped China to become one of the largest investors in Kenya, but it has also improved the infrastructural facilities in Kenya such as roads. However, it is worth noting that while the non-interference policy has facilitated development in Kenya, as indicated by the respondents,¹⁷⁶ it has also resulted in increased reliance on China in terms of debt. This supports the notion by the Western

¹⁷² Interviewee 001 – From CCCC, interview held along Eastern Bypass on 18th July 2022

¹⁷³ Dorman, S. *China's evolving foreign policy in Africa: a new direction for China's non-intervention strategy?*. Naval Postgraduate School Monterey CA. 2014

¹⁷⁴ Interviewee 005 – From Stecol Corporation, interview held along Thika Road on 19th July 2022

¹⁷⁵ Interviewee 003 – From CCCC, interview held along Eastern Bypass on 18th July 2022

¹⁷⁶ Interviewee 002 – From CCCC, interview held along Eastern Bypass on 18th July 2022; Interviewee 004 – From Stecol Corporation, interview held along Thika Road on 19th July 2022

media that the non-interference policy adopted by China only seeks to benefit the Chinese people and not Kenya. According to Lopez¹⁷⁷ China's involvement in Kenya and other African nation has been referred as the debt-trap diplomacy. This implies that while the China's non-interference policy may promote fast development in Kenya, it also seeks to benefit the Chinese government more in comparison to its borrowers who include Kenya.

4.4.6 Benefits derived by China in its involvement in Kenya's Infrastructure Development

The researcher sought to identify the number of ways, China benefits from taking up infrastructural projects in Kenya. The six-management staff¹⁷⁸ from the Chinese Construction Firms agreed that any bilateral trade is only successful if both parties benefit. According to an interviewee,¹⁷⁹ the Kenya-China relations is no exception that both parties have to benefit from the established relationship. The interviewee¹⁸⁰ argued that China requires resources, and market access for its goods and services which it acquires in Kenya by engaging in infrastructural development since the country needs, foreign direct investments, transfer of new technology and financing. The findings were similar to the study by Omolo, Jairo and Wanja¹⁸¹ who established that Kenya exports different products from China including leather rawhide skins, textile, vegetables, metal and plastics. These raw materials have facilitated in the growth of China. Further, an interviewee added that Kenya together with other African countries provide a market for Chinese manufactured products such as

¹⁷⁷Begleiter, Andrea Villarnovo Lopez. "The Dragon Stretches Its Wings: Assessing the Geopolitical and Economic Implications of China's Belt and Road Initiative in Pakistan and Kenya." (2019).

¹⁷⁸ Interviews conducted on 18th July 2022 along Eastern Bypass and interviews conducted on 19th July 2022 along Thika Road.

¹⁷⁹ Interviewee 003 – From CCCC, interview held along Eastern Bypass on 18th July 2022

¹⁸⁰ Interviewee 003 – From CCCC, interview held along Eastern Bypass on 18th July 2022

¹⁸¹ Miriam Omolo, Dr, Ruth Wanja, and Stephen Jairo. "Comparative Study of Kenya, US, EU and China Trade and Investment Relations." (2016).

electronics. The respondents¹⁸² argued that majority of the electronics used in Kenyan households are imported from China. Therefore, this shows that China is benefiting from its relations with Kenya to a large extent.

China is the largest foreign investor in Kenya. This is because, there are some policies formulated to facilitate the increased involvement of China in the infrastructural development of Kenya. One of the interviewees explained that one of the policies that supports China's trading activities with Kenya is the Investment Promotion Act (46 of 2004). The interviewee¹⁸³ argued that the Act has enabled Chinese Construction Firms to gain licenses to operate in Kenya. Further, an interviewee added that the Foreign Investment Protection Act (Cap 518 of the Kenyan laws) also seeks to protect the interests of foreign investors. This implies that Kenya, through its policies has established a conducive environment for direct foreign investments. This finding supports a report by the World Bank¹⁸⁴ in 2020 which ranks Kenya at 56 of 190 countries that offer a conducive environment for FDI.

Moreover, an interviewee¹⁸⁵ noted that since the founding of the CADF in 2006 and the FOCAC in 2000, China's involvement with African nations, including Kenya, has gradually increased. The findings were in agreement with those of Stein and Emil,¹⁸⁶ who found that that FOCAC's commitment was \$155 billion in US dollars as of 2018. The respondents also mentioned that China's role in Kenya as well as other African nations will be guided by the BRI. In the mainstream

¹⁸² Interviewee 003 – From CCCC, interview held along Eastern Bypass on 18th July 2022; Interviewee 006 – From Stecol Corporation, interview held along Thika Road on 19th July 2022.

¹⁸³ Interviewee 004 – From Stecol Corporation, interview held along Thika Road on 19th July 2022

¹⁸⁴ World Bank. *2020 Investment Climate Statements: Kenya*. 2020. [online] <https://www.state.gov/reports/2020-investment-climate-statements/kenya/#:~:text=In%20the%20World%20Bank's%202020,destination%20for%20foreign%20direct%20investment.>

¹⁸⁵ Interviewee 003 – From CCCC, interview held along Eastern Bypass on 18th July 2022

¹⁸⁶ Stein, Peter, and Emil Uddhammar. "China in Africa: The Role of Trade, Investments, and Loans Amidst Shifting Geopolitical Ambitions." (2021).

Chinese discourse, the BRI is seen as an adaptable, democratic initiative that is a crucial part of China's worldwide rise.¹⁸⁷ The interviewees from CCCC and Stecol¹⁸⁸ argued that the involvement of China in Kenya's infrastructural development is largely driven by Kenya's environment that supports FDI and China's commitment to invest in more African countries.

4.4.7 Process of Awarding Project Tenders

From the reviewed literature, the researcher identified that Chinese Construction Firms are normally awarded a large share of the infrastructural projects in Kenya. Therefore, the researcher sought to determine the process that the Chinese Construction Firms undergo, prior to being awarded specific infrastructural projects. The six management staff from CCCC and Stecol Corporation¹⁸⁹ indicated that the China-managed companies usually bid to be awarded the infrastructural projects. The interviewees indicated that the bidding process is competitive since there are many construction firms with the necessary capacity that bid for the same projects. However, one of the interviewees¹⁹⁰ noted that Chinese Construction Firms have an upper hand of being awarded the projects since most of the construction firms are state owned. This implies that while the companies win the bids, it is the Chinese government that finances the projects through the Exim Bank. This finding concurs with Moss and Sarah¹⁹¹ who identified Exim Bank as a key player in financing projects awarded to Chinese Construction Firms. This finding shed light on the importance of the

¹⁸⁷Gu, Jing, and Shen Qiu. "The Belt and Road Initiative and Africa's Sustainable Development: A Case Study of Kenya." *IDS Bulletin* 50, no. 4 (2019), p.93

¹⁸⁸ Interviews conducted along the Eastern bypass on 18th July 2022 and along Thika road on 19th July 2022.

¹⁸⁹ Interviews conducted along the Eastern bypass on 18th July 2022 and along Thika road on 19th July 2022.

¹⁹⁰ Interviewee 001 – From CCCC, interview held along Eastern Bypass on 18th July 2022

¹⁹¹ Moss, Todd, and Sarah Rose. "China ExIm Bank and Africa: new lending, new challenges." *Center for Global Development Notes* 3 (2006).

Kenyan government to support local construction firms in getting finances to facilitate their progress in being awarded large projects not only in Kenya, but in other African countries.

The researcher also interviewed six management staff from two local construction firms; Ogle Construction and Pinnie Agency Ltd¹⁹² to collect data on the Kenya-China bilateral relations with specific focus on infrastructural projects. The interviewees were asked to indicate whether or not it was fair that Chinese Construction Firms are awarded more infrastructural projects as compared to the Kenyan Construction Firms in the country. All of the six management staff revealed that it is not fair that Chinese Construction Firms are usually awarded the largest and most of the infrastructural projects in Kenya. One of the interviewees argued that by awarding Chinese Construction Firms the infrastructural projects, the Kenyan government communicates to its citizens and the rest of the world that it does not trust its own Kenyan Construction Firms to deliver quality work. The following is oral verbatim of one of the interviewees:

“The Kenyan government ought to be keen in awarding more infrastructural projects to local companies to propel their operations not only in Kenya but across the border. Failure to support local companies leads to brain drain where skilled personnel from Kenya are poached to work in other countries”

(Interviewee 011 – From Pinnie Agency Ltd, interview held at the company’s offices along Kimathi Street on 21st July 2022)

¹⁹² Interviews held on 20th July 2022 and 21st July 2022.

The interviewee argued that Kenya has many skilled personnel who can deliver quality work, however due to lack of support and job opportunities, these individuals seek to practice their profession in other countries where they are appreciated and acknowledged. This finding raised the question on the role of the government in supporting local businesses. The finding was similar to results by Emmanuel,¹⁹³ who established that in Angola, Chinese Construction Firms are awarded 70% of the infrastructural projects leaving local companies with only 30% of the infrastructural projects.

The researcher sought to identify the factors that hinder local companies from being awarded infrastructural projects in Kenya. The interviewees stated that insufficient implementing capacities, political interference, and poor project management were the key factors limiting local companies from being assigned many infrastructural projects. One of the interviewees¹⁹⁴ argued that no comparison can be made between local companies and Chinese Construction Firms in terms of project implementation capacities such as financing, technology and skilled personnel. The interviewee indicated that due to the fact that Chinese Construction Firms are fully supported by their governments in terms of financing, they are able to use the latest technology and hire skilled personnel, thus giving the Chinese Construction Firms an added advantage as compared to the local companies in Kenya.

Two interviewees added that poor project implementation by local construction companies is often driven by political interference. The interviewees indicated that the rise in corruption in Kenya by the political leaders has been

¹⁹³Emmanuel, Vete Willy. "3.9 Chinese investments in Angola." *Chinese Investments in Africa: A Labour Perspective* (2009): 366.

¹⁹⁴ Interviewee 012 – From Pinnie Agency Ltd, interview held at the company's offices along Kimathi Street on 21st July 2022

contributed by the increased borrowing. The interviewees argued that the Kenyan government prefers assigning the infrastructural projects to Chinese governments since it gives them an opportunity to borrow more money which creates a chance for corruption as a result of the non-interference policy adopted by the Chinese government. The finding concurs with Di,¹⁹⁵ who observed that China's non-interference policy in doing business with other countries leads to corruption in developing nations such as Kenya. Therefore, based on this finding, it can be argued that as an approach of fighting corruption, the Kenyan government ought to stop borrowing money from China. This may pave way for more road projects to be awarded to Kenyan Construction Firms.

4.5 Company Ownership and the Remuneration of Local Employees Under Kenya-China Bilateral Relations in Infrastructure Development

The second objective of the study was to determine the influence company ownership has on the remuneration of local employees. Data was collected using questionnaires and interview guides to show comparison between the remuneration of local employees in Chinese Construction Firms and Kenyan Construction Firms involved in infrastructural projects. The company ownership in a foreign country is a great determinant of the remuneration of local employees. This is because, different foreign companies compensate the local employees differently. This is also influenced by the reliance of foreign labour.

¹⁹⁵Di Montenegro, T.X. China's Interest in Africa: Conflict or Stability? FIU Electronic Theses and Dissertations, (2017), p.34

4.5.1 A Comparison of Remuneration for Local Employees in Chinese and Kenyan Construction firms

The researcher sought to determine whether the local employees involved in the construction of roads are remunerated appropriately in comparison to the Chinese employees. The quantitative data is presented on Figure 4.1.

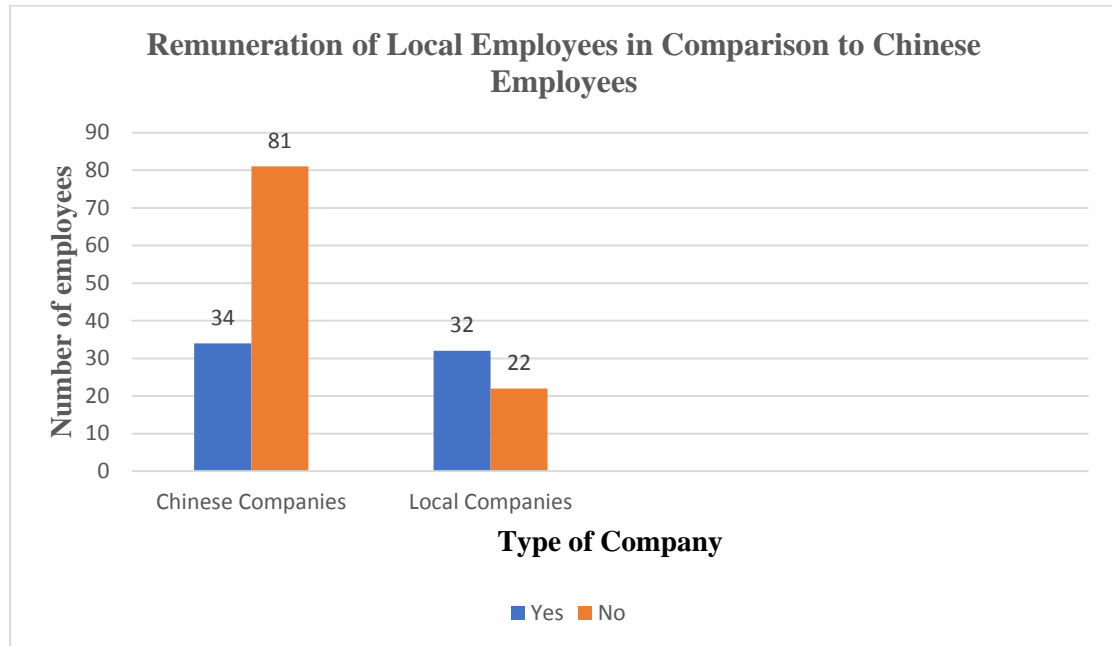


Figure 4. 1: Remuneration of Local Employees in Comparison to Chinese Employees

Source: Field Data (2022)

Figure 4.1 shows that majority of the respondents (81;70.4%) working in the Chinese companies targeted by the study indicated that the local employees were not remunerated appropriately in comparison to the Chinese employees. On the other hand, from the local companies targeted by the study, 32 (59.3%) agreed that the local employees were remunerated better as compared to the international employees. The findings imply that company ownership has a direct impact on the remuneration of local employees. A similar observation was made in Angola where Oya and

Schaefer¹⁹⁶ discovered that the monthly wage rates by Angolan as well as other foreign corporations remained, on aggregate, nearly one-third more than the pay in Chinese enterprises.

However, the finding contradicted results by Akorsu and Cooke,¹⁹⁷ who established that pay for Ghanaian employees at GUMCO, a Chinese ceramic producer in Ghana, ranged between US\$2.2 and US\$10 per day, exceeding both the country's US\$1.9 per day (as of 2008) minimum wage and the US\$1.9 per day offered by the Indian comparable factory. The high remuneration of local employees by the Chinese companies may be attributed to the poor labour laws in Ghana that set a low minimum wage in the country. This implies that poor labour laws in reference to the minimum wage greatly impacts the remuneration of local employees by international companies. Currently, the minimum wage in Kenya stands at Ksh 15,201.¹⁹⁸ This means that no employee in the urban centers such as Nairobi, Mombasa and Nakuru is supposed to be compensated below Ksh 15,201. However, while this may be the case as stipulated by the Kenyan government, its implementation particularly by Chinese Construction Firms often poor as will be discussed further in this chapter.

4.5.2 Remuneration of Local Employees

The frequency in which local employees are remunerated by both Chinese and Kenyan Construction Firm largely depends on the positions held. The data collected on the frequency of remuneration of local employees by two Chinese Construction Firms and two Kenyan Construction Firms is presented on Figure 4.2.

¹⁹⁶ Oya, Carlos, and Florian Schaefer. "Chinese firms and employment dynamics in Africa: A comparative analysis. IDCEA Synthesis Report." (2019).

¹⁹⁷ Akorsu, Angela Dziejzom, and Fang Lee Cooke. "Labour standards application among Chinese and Indian firms in Ghana: typical or a typical?." *The International Journal of Human Resource Management* 22, no. 13 (2011): 2730-2748.

¹⁹⁸ van Eyssen Benita. *What Kenya's minimum wage rise means*. DW. [online] <https://www.dw.com/en/what-kenyas-minimum-wage-rise-means/a-61745999>.

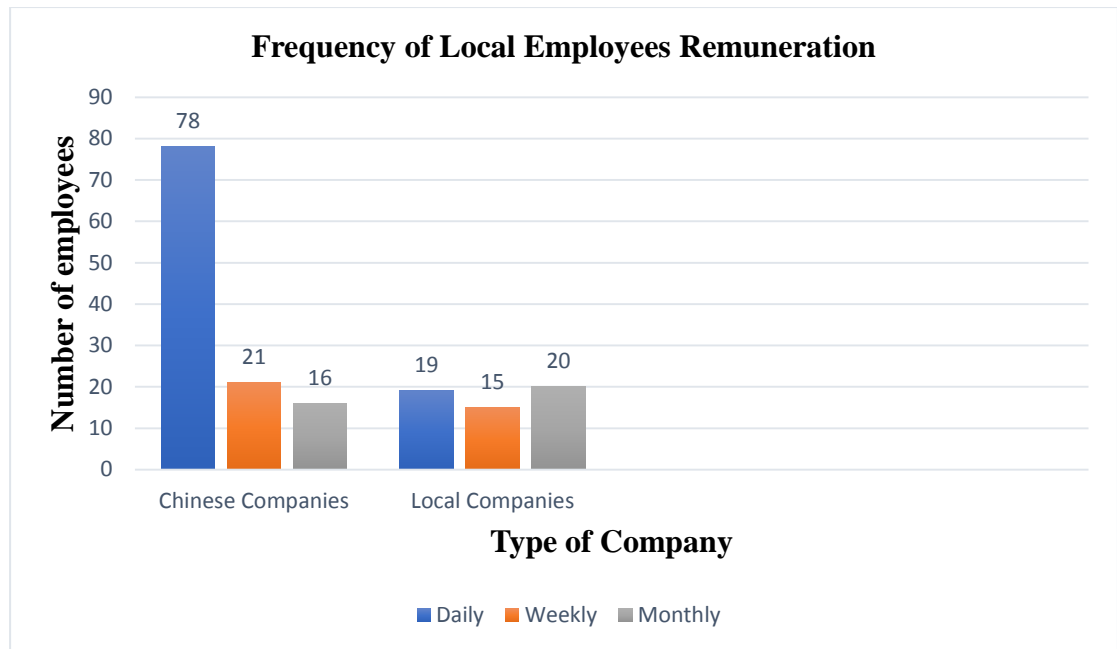


Figure 4. 2: Frequency of Local Employees Remunerations

Source: Field Data (2022)

Figure 4.2 shows that with reference to the Chinese Construction Firms¹⁹⁹ under study, 78 (67.8%) of the local workers are remunerated on a daily basis while only 16 (13.9%) of the local employees are remunerated monthly. With reference to the local companies 20 (37.0%) indicated that they received their salaries on a monthly basis. Only 19 (35.2%) of the local employees in the Kenyan Construction Firms were paid daily. This implies that the Chinese Construction Firms employ more casual local employees as compared to the local companies that employ more permanent employees. According to the employment Act of 2007, a casual worker ought to be paid daily.²⁰⁰ This limits the bargaining power of the employee to receive a higher remuneration. The findings concur with results in Nigeria by Atomre et al,²⁰¹ who established that the reason why Chinese businesses paid local workers such

¹⁹⁹ CCCC and Stecol Corporation

²⁰⁰ The employment Act of 2007 section 2

²⁰¹ Atomre, Evelyn, Joel Odigie, James Eustace, and Wilson Onemolease. "Chinese investments in Nigeria." *Chinese investments in Africa: A labour perspective. Accra and Windhoek: African Labour Research Network* (2009): 333-365.

cheap salaries are because the country's labor laws and provisions are woefully inadequate for the needs of modern business.

4.5.3 Employees Working under a Contract

Further, the researcher sought to determine whether all local employees were hired under a contract. Figure 4.3 shows the findings from the data collected.

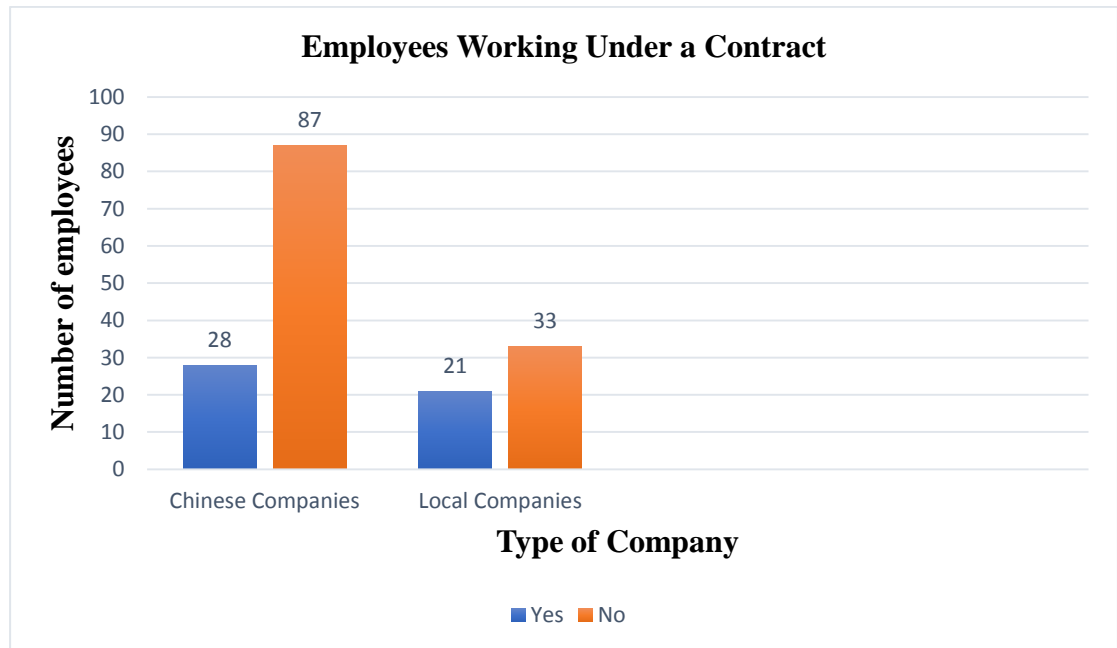


Figure 4. 3: Employees Working Under a Contract

Source: Field Data (2022)

The findings in Figure 4.3 shows that in both the Chinese and the Kenyan Construction Firms, not all of the employees were hired under a contract. A contract is a written agreement between the employee and the employer. Thus, it is one of the most essential documentation required between the commencement of any form of employment. According to the data collected 87 (75.7%) of the local employees in the Chinese Construction Firms and 33 (61.1%) of the local employees in the Kenyan Construction Firms were not employed under a contract. This implies that in the construction sector, majority of the employees are categorized under casual workers since their positions do not require specific skills to be completed. The findings are

similar to results by Round and Huang,²⁰² who established that Chinese Construction Firms often hire local employees as casual employees, hence do not provide contracts. However, this is in violation of the labour laws of Kenya if the employees have worked for the company for more than three months. The employment Act of 2007 section 37 provides that any employee hired as a casual worker should be given a contract after working in the same company for three months.²⁰³

4.5.4 Employees Allowed to join Labour Unions

Labour unions are essential in any country since they ensure that the rights of all employees are protected. In Kenya, the labour unions are under the Central Organization of Trade Unions (COTU) whose mandate is to address the plight of employees by calling out employers accused of violating any labour laws. Trade union are particularly important when dealing with international companies; this is because, they hold these companies accountable with reference to the remuneration and working conditions of employees. Despite, the importance of the trade unions, the local employees who participated in the study indicated that the Chinese Construction Firms did not allow the employees to join trade unions. The findings are presented on Figure 4.4.

²⁰²Rounds, Zander, and Hongxiang Huang. *We are not so different: A comparative study of employment relations at Chinese and American firms in Kenya*. No. 2017/10. Working Paper, 2017.

²⁰³ The Employment Act of 2007, Section 37.



Figure 4. 4: Local Employees Allowed to Join Labour Unions

Source: Field Data (2022)

Figure 4.4 shows that 99 (86.1%) of the respondents in the Chinese Construction Firms indicated that the company did not allow them to join trade unions. However, a different finding was recorded in local companies where 42 (77.8%) of the respondents revealed that the company allowed the employees to join trade unions. The finding suggests that Chinese Construction Firms are opposed to having employees who join trade unions since these unions are known to incite employees to go on strike or boycott work in case their rights are violated. Moreover, Chinese Construction Firms aim at reducing any costs including expenses associated with members who have joined a trade union. This finding concurs with Zhu²⁰⁴ who established that Chinese Construction Firms were opposed to local employees in Kenya joining trade unions since it may result in the companies signing a Collective

²⁰⁴Zhu, Tingting. *The Kenya Construction Industry Trade Union: A Friend for African Workers, a "Stranger" for Chinese Companies.* ChinaAfriamp. [online] <https://chinaglobaldialogue.com/2018/10/07/kenya-construction-industry-trade-union-a-friend-for-african-workers-a-stranger-for-chinese-companies/>.

Bargaining Agreement (CBA) that offers the employees an opportunity to demand better pay and working conditions.

4.5.6 Average Monthly Remuneration of Local Employees

The researcher sought to identify the average remuneration of local employees in the Chinese and the Kenyan Construction Firms. The findings are presented on Table 4.7.

Table 4. 7: Average Monthly Remuneration of Local Employees

| | Chinese Companies | | Local Companies | |
|---------------|-------------------|------|-----------------|------|
| | F | % | F | % |
| Below 10,000 | 16 | 13.9 | - | - |
| 10,001-20,000 | 74 | 64.4 | 24 | 44.4 |
| 20,001-30,000 | 13 | 11.3 | 13 | 24.1 |
| 30,001-40,000 | 7 | 6.1 | 10 | 18.5 |
| Above 40,000 | 5 | 4.3 | 7 | 13.0 |

Table 4.7 shows that 74 (64.4%) and 24 (44.4%) of the local employees in the Chinese Construction Firms and the Kenyan Construction Firms respectively receive a monthly remuneration ranging from Ksh 10,001-20,000. Only 5 (4.3%) and 7 (13.0%) of the local employees in the Chinese Construction Firms and the Kenyan Construction Firms are paid over Ksh 40,000. This shows a large gap of over Ksh 20,000 between the highest employee to the lowest paid employee. A report by Jiabao,²⁰⁵ indicated that Chinese Construction Firms and in particular, China Road and Bridge Corporation provided better compensation packages to local employees as compared to the Indian companies in the same sector. This calls for further research to be conducted to show the comparison of average monthly remuneration by the

²⁰⁵ Jiabao, Li. *Chinese contractors improve livelihoods of Kenyan workers*. China Daily. [online] http://www.chinadaily.com.cn/world/2013-03/26/content_16344468.htm. Retrieved on 4th July 2022.

Chinese Construction Firms , Indian Construction Firms and Kenyan Construction Firms.

4.5.7 Remuneration vs Cost of Living

Based on the average monthly remuneration offered to the local employees, the respondents were to indicate whether it was adequate to cushion the rising cost of living. Figure 4.5 shows the results.

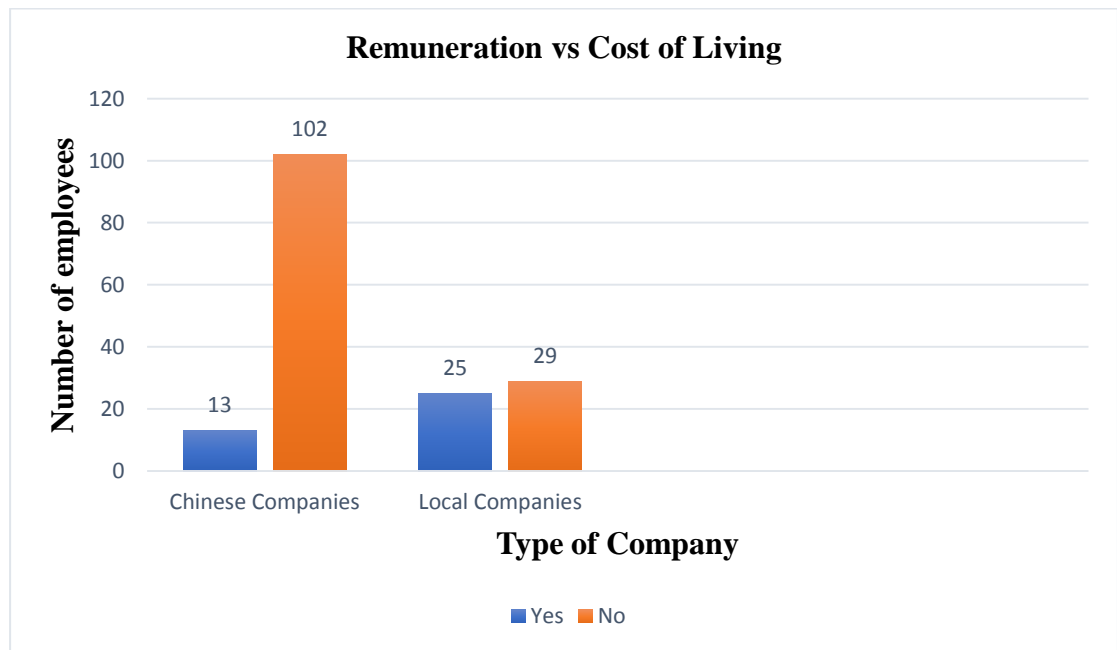


Figure 4. 5: Remuneration vs Cost of Living

Source: Field Data (2022)

The results from Figure 4.5 shows that 102 (88.7%) and 29 (53.7%) local employees from the Chinese Construction Firms and the Kenyan Construction Firms indicated that the average salaries offered were not adequate to cushion the high cost of living. Currently, the world and in particular developing countries are experiencing a rise in the cost of living. Kenya is no exception. However, while the cost of living is rising, the remuneration of employees is yet to be increased resulting in poverty. Therefore, to cushion the cost of living, the Kenyan government should adjust the labour laws and demand that employers increase their employees' salaries. A study by

Emmanuel,²⁰⁶ claims that the low wages paid to local workers by Chinese businesses in Angola are due to the fact that Chinese firms received 70% of the contracts, leaving local contractors with only 30%. This shows that in case of a rise in living costs, the employees in Chinese Construction Firms would struggle more to survive as compared to employees in local companies.

4.5.8 Employees' Unrest/Strike

The researcher gathered qualitative data to complement the quantitative data obtained on the influence company ownership has on the remuneration of local employees. The interviewees were asked whether their institutions had experienced any strikes by local employees due to poor remuneration over the years. The six-management staff from CCCC and Stecol Corporation²⁰⁷ were asked whether their institutions had experienced any strikes by local employees due to poor remuneration over the years. The interviewees indicated that during the implementation of their current projects, they have not witnessed any strikes by the employees. One of the interviewees explained that the company was diligent in ensuring that all of its employees were paid in time to avoid any incidences of strike.

The interviewees²⁰⁸ explained that while they have not experienced any strikes while implementing the current projects, they understand the pressure that comes with unsatisfied employees. One of the management staff said:

‘I have dealt with employees on strike before. It was not a pleasant experience, but the process helped me appreciate providing a conducive working environment for my staff and

²⁰⁶Emmanuel, Vete Willy. "3.9 Chinese investments in Angola." *Chinese Investments in Africa: A Labour Perspective* (2009): 366.

²⁰⁷ Interviews were held on the 18th July 2022 and 19th July 2022.

²⁰⁸ Three interviewees from CCCC were interviewed on 18th July 2022 along Eastern Bypass.

ensuring their remuneration is competitive with that of the market". (Interviewee 002 – From CCCC, interview held along Eastern Bypass on 18th July 2022)

According to the interviewee, ensuring a conducive working environment for employees and in particular casual workers lowers employee turnover. This finding was similar to the study by Tang²⁰⁹ who established that poor remuneration is one of the factors resulting in employee strikes.

4.5.9 Comparison of Employees Work Environment in Chinese and Kenyan Construction Firms

The study sought to make a comparison on the work environment provided in the Chinese Construction Firms and in the Kenyan Construction Firms. Interviewees from the Chinese Construction Firms revealed that their respective companies offered a conducive working environment by ensuring that all of the employees had protective clothing while at work. One interviewee further argues that the company works towards creating a friendly environment for the local employees to create a sense of ownership of the project being implemented. Notably, the interviewees from the Chinese Construction Firms were evasive to this question on the work environment given the different reports on the media about Chinese companies offering poor working environment for local employees. The findings contradicted with an article published in 2016 by Kuo²¹⁰ where local workers employed to construct the standard gauge railway protested against poor pay and working

²⁰⁹ Tang, Xiaoyang. "Bulldozer or locomotive? The impact of Chinese enterprises on the local employment in Angola and the DRC." *Journal of Asian and African Studies* 45, no. 3 (2010): 350-368

²¹⁰ Kuo Lily. *Kenyan rail workers are protesting against their Chinese employer for a raise—to \$5 a day*. QuartzAfrica [online] <https://qz.com/africa/749177/kenyan-rail-workers-are-protesting-against-their-chinese-employer-for-a-raise-to-5-a-day/>.

conditions. In addition, a report by the BBC news²¹¹ where in 2018, Liu Jiaqi, a Chinese national, was deported for creating a racially biased environment in his premise of work and insulting his employees.

A different scenario was observed from the interviews held with the six management staff from the two local construction companies; Ogle construction and Pinnie Agency Ltd.²¹² The interviewees²¹³ revealed that unlike the Chinese Construction Firms who either do not know or simply ignore the labour laws, the local companies are diligent in ensuring the rights of the employees by providing a conducive working environment by setting the recommended 8 working hours a day for each employee, providing protective clothing for each staff member, creating a friendly working environment where the employees are free to share their opinions and complaints and encouraging employees to join labour unions. The importance of good working conditions has been emphasized by Fei Ding²¹⁴ who established that implementing a conducive environment for work motivates the employees to perform better which trickles down to successful project implementation.

4.5.10 Competitiveness of remuneration of Local Employees

The interviewees²¹⁵ were asked to explain whether their respective companies offered competitive remuneration for local employees. Two management staff from the Chinese Construction Firms explained that the remuneration of all employees irrespective of nationality was based on the position held. An interviewee said:

²¹¹ BBC News. *Kenya deports Chinese man over 'racist rant*. 2018 [online] <https://www.bbc.com/news/world-africa-45433434>.

²¹² Interviews held on 20th July 2022 and 21st July 2022 at the companies' offices.

²¹³ Interviewee 009 – From Ogle Construction, interview held at the company's offices along Mpaka road on 20th July 2022; Interviewee 010 – From Pinnie Agency Ltd, interview held at the company's offices along Kimathi Street on 21st July 2022

²¹⁴ Fei, Ding. "The compound labor regime of Chinese construction projects in Ethiopia." *Geoforum* 117 (2020): 13-23.

²¹⁵ 12 interviewees (6 from the Chinese construction companies and 6 from the local construction companies)

“All of our employees are remunerated based on their job groups. The company is not biased with reference to remunerating the employees. However, the coincidence that majority of the local staff are found in lower job groups is lonely attributed to the fact that they occupy the position of general worker” (Interviewee 005 – From Stecol Corporation, interview held along Thika Road on 19th July 2022).

According to the interviewee, the Chinese Construction Company base their remuneration process on the positions held in the company. However, the management staff from the two Chinese companies did not reveal whether Kenyan employees are offered the same opportunities as the Chinese employees to hold higher tier positions. A study by Rounds and Huang,²¹⁶ noted that in American companies unlike Chinese Construction Firms executive leadership roles were assigned based on qualifications rather than nationality. American companies in foreign countries are more receptive to using local employees.

With reference to qualitative data collected from the Kenyan Construction Firms, the management staff indicated that they offered competitive remuneration to all of their staff. An interviewee said:

“As a local company, we understand the struggle of the citizens based on the rising cost of living. Therefore, the least paid employee in this institution and most local companies is paid Ksh 600, which translates to Ksh 18,000 monthly. This is way higher as compared to the Chinese Construction

²¹⁶Rounds, Zander, and Hongxiang Huang. *We are not so different: A comparative study of employment relations at Chinese and American firms in Kenya*. No. 2017/10. Working Paper, 2017..

Firms in the same sector that pay their employees approximately Ksh 500 daily which is Ksh 15,000 monthly.

(Interviewee 011 – From Pinnie Agency Ltd, interview held at the company's offices along Kimathi Street on 21st July 2022)

The above interview response show that the Kenya Construction Firms remunerate their employees better as compared to the Chinese Construction Firms. The finding was similar to Baah and Jauch,²¹⁷ who found that a Chinese copper mine company paid its employees 30% less than other copper mines in Zambia. As for the Kenyan case based on the finding, the Chinese Construction Firms pay the local employees, 16.7% less as compared to the Kenyan Construction Firms.

Collective bargaining is an important element in determining the remuneration of employees. The interviewees²¹⁸ were asked whether their companies engaged in collective bargaining with local employees. The interviewees from the two Chinese Construction Firms revealed that the companies encourage the employees to communicate their grievances. However, the interviewees²¹⁹ revealed that the companies do not like to deal with trade unions since majority of the trade union usually incite employees to strike or boycott work leading to loss of money through delayed projects. This finding was similar with that of Guliwe and Skhumbuzo,²²⁰ who reported that local South African workers employed by Chinese enterprises are not able to collectively negotiate, which prevents them from receiving adequate compensation in comparison to Chinese workers.

²¹⁷Baah, Anthony Yaw, and Herbert Jauch. *Chinese investments in Africa: A labour perspective*. African Labour Research Network, 2009.

²¹⁸ Six management staff from CCCC and Stecol Corporations

²¹⁹ Interviews held on 18th July 2022 and 19th July 2022

²²⁰Guliwe, Thulani, and Skhumbuzo Mkhonta. "3.7 Chinese investments in South Africa." *Chinese investments in Africa: A labour perspective* (2009): 300.

The management staff from the Kenyan Construction Firms indicated that their companies allowed and encourage the employees to join trade unions since it ensures the protection of the rights of each employee. The interviewees²²¹ argued that the Employment Act of 2007 is clear on protecting both the employee and the employer by encouraging collective bargaining. Further, the interviewees argued that with COTU being vocal, most employees understand the importance of joining trade unions since it increases their collective bargaining power leading to better remuneration.

4.6 Kenya-China Bilateral Relations in Infrastructural Development and the Average Level of Wages of Local Employees

The study evaluated the influence of Kenya-China bilateral relations in infrastructural development on the average level of wages of local employees within Nairobi region. A Likert scale was adopted to gather data on respondents' level of agreement or disagreement on statements about remuneration of local employees under the Kenya-China bilateral relations. The findings are illustrated on Table 4.8 below.

Table 4. 8: Distribution by Response on Statements relating to Kenya China Bilateral Relations in Infrastructural Development and Average level of wages of Local Employees in Nairobi County.

| Statement | SD | | D | | N | | A | | SA | | Mean | Std Dev |
|--|----|-------|----|-------|----|-------|----|------|----|------|------|---------|
| | F | % | F | % | F | % | F | % | F | % | | |
| The local employees receive competitive remuneration | 50 | 29.59 | 54 | 31.95 | 47 | 27.81 | 15 | 8.88 | 3 | 1.78 | 2.37 | 0.88 |

²²¹ Management staff from Ogle construction and Pinnie Agency Ltd.

| | | | | | | | | | | | | |
|---|----|-------|----|-------|----|-------|----|-------|----|-------|------|------|
| The working environment of the local employees is conducive | 56 | 33.14 | 73 | 43.2 | 27 | 15.98 | 13 | 7.69 | - | - | 1.94 | 0.79 |
| The local employees are provided with protective clothing by the Chinese company | 7 | 4.14 | 59 | 34.91 | 75 | 44.38 | 23 | 13.61 | 5 | 2.96 | 2.72 | 0.92 |
| The Chinese employees interact well with the local employees | 15 | 8.88 | 32 | 18.93 | 63 | 37.28 | 53 | 31.36 | 6 | 3.55 | 2.85 | 0.95 |
| The local employees are offered a health cover by the Chinese company | 37 | 21.89 | 66 | 39.05 | 36 | 21.3 | 21 | 12.43 | 9 | 5.33 | 1.85 | 0.97 |
| The local employees work the required hours per day are recommended by the international labour organizations | 53 | 31.36 | 84 | 49.70 | 32 | 18.93 | - | - | - | - | 1.95 | 0.64 |
| The local employees are remunerated for working over-time | 50 | 29.59 | 77 | 45.56 | 42 | 24.85 | - | - | - | - | 1.98 | 0.70 |
| The local employees receive similar financial benefits as the Chinese employees | 84 | 49.7 | 79 | 46.75 | 6 | | - | - | - | - | 1.52 | 0.49 |
| The local employees are remunerated in case they are injured within the work place | 51 | 30.18 | 73 | 43.20 | 22 | 13.02 | 23 | 13.61 | - | - | 2.11 | 1.19 |
| The local employees receive bonuses and rewards for work well done from the Chinese companies | 91 | 53.85 | 29 | 17.16 | 27 | 15.98 | 15 | 8.88 | 7 | 4.14 | 1.92 | 1.27 |
| The turnover of local employees is high since the Chinese company does not offer competitive remuneration | 5 | 2.96 | 54 | 31.95 | 28 | 16.57 | 59 | 34.91 | 23 | 13.61 | 3.27 | 1.18 |

Source: Field Data, 2022

4.6.1 Competitiveness of Local Employees Remuneration

Table 4.8 shows that the respondents disagreed with the statements "The local employees receive competitive remuneration" ($M = 2.37$; $SD = 0.88$). This finding corresponds to the data collected via interview guide where it was established that the Chinese construction companies did not pay majority of their employees who hold the occupation of general workers above the recommended minimum wage of Kenya Shillings 15,201.

4.6.2 Local Employees' Working Hours

Further, the respondents disagreed with the statements; "the local employees work the required hours per day are recommended by the international labour organizations" ($M = 1.95$; $SD = 0.64$), "the local employees are remunerated for working over-time" ($M = 1.98$; $SD = 0.70$). This means that the local employees are overworked for no pay after the recommended eight working hours per day for no pay. This is in violation with the Employment Act of 2007 that required for employees working overtime to be remunerated.

4.6.3 Local Employees' Financial Benefits

Table 4.8 also shows that the respondents strongly disagreed with the statement "The local employees receive similar financial benefits as the Chinese employees" ($M = 1.52$; $SD = 0.49$). This means that the Chinese employees are remunerated higher as compared to the local employees. The Chinese Construction Firms' biased remuneration approach may be attributed to the fact that they are aimed at saving on costs instead of ensuring the rights of employees are upheld. The study

by Round and Huang,²²² proposes a creative way for employers to avoid paying the minimum wage by bargaining wage rates with each employee. Since the Chinese Construction Firms are opposed to employees joining trade unions, they have adopted this strategy in order to ensure that all employees receive minimum wage.

4.6.4 Working Environment Conditions for Local Employees

The result of the data analysis in table 4.8 shows that the respondents disagreed with the statement that the working environment of the local employees is conducive (M = 1.94; SD = 0.79). This was supported by the majority of the respondents disagreeing that the local employees are provided with protective clothing by the Chinese company (M = 2.72; SD = 0.92). This finding was contrary to the results of the interview responses collected via the interview guide from the six management staff from CCCC and Stecol Corporation who indicated that their respective companies create a conducive environment for their workers. The finding contradicts those of earlier studies on the working conditions provided by Chinese Construction Firms for local employees. This, therefore, calls for further research be conducted on the working conditions for local employees in Chinese Construction Firms in Kenya.

This study, however, draws its conclusion based on extant literature review where scholars such as Masta,²²³ found that Kenyan workers in Chinese Construction Firms experience inhumane treatment. Moreover, a report by Kuo²²⁴ which observed that local workers engaged in a strike over unfavorable working conditions when the

²²²Rounds, Zander, and Hongxiang Huang. *We are not so different: A comparative study of employment relations at Chinese and American firms in Kenya*. No. 2017/10. Working Paper, 2017.

²²³Masta, Jane. "3.10 Chinese investments in Kenya." *Chinese investments in Africa: A labour perspective* (2009): 384.

²²⁴Kuo Lily. *Kenyan rail workers are protesting against their Chinese employer for a raise—to \$5 a day*. QuartzAfrica 2016. [online] <https://qz.com/africa/749177/kenyan-rail-workers-are-protesting-against-their-chinese-employer-for-a-raise-to-5-a-day/>

Standard Gauge Railway was being built. 400 workers went on strike in August 2010 demanding decent salaries, improved working conditions, and healthcare insurance as well as an end to exploitation, long shifts, and the illegal refusing to release of driver's licenses. Due to this, work on the Thika Road Highway was delayed.²²⁵

The data analyzed also shows that the respondents disagreed with the statement that the Chinese employees interact well with the local employees (M = 2.85; SD = 0.95). This finding supported the report by the BBC news²²⁶ where a Chinese employer was deported for insulting his employees. The respondents disagreed that the local employees are offered a health cover by the Chinese company (M = 1.85; SD = 0.97) and that the local employees are remunerated in case they are injured within the work place (M = 2.11; SD = 1.19). This shows that in case the local employees are injured or fall sick while at work, the company is not liable. This is a violation of the labour laws in Kenya. According to the employment Act of 2007, all employees should have a medical cover. Notably, due to the fact that majority of the workers in the construction sites are categorized as general workers, they do not get the similar benefits as the employees who are categorized as permanent employees. many businesses classify local workers as casual employees who earn pay per day or per week rather than having them sign official employment contracts.²²⁷

4.6.5 Range of Local Employees Remuneration vs Minimum Wage

Remuneration is a sensitive issue in any working environment. This is particularly with regards to international companies operating in another country.

²²⁵ International Trade Union Confederation. *Annual Survey of Violations of Trade Union Rights-Kenya*, (2011). Available at <http://www.unhcr.org/refworld/type,Annualreport,KEN,4ea6620128,0.html>. Accessed 4th July 2022.

²²⁶ BBC News. *Kenya deports Chinese man over 'racist rant*. 2018 [online] <https://www.bbc.com/news/world-africa-45433434>

²²⁷ Webster, Timothy. "China's Human Rights Footprint in Africa." *Colum. J. Transnat'l L.* 51 (2012): 626.

With reference to Kenya as a host country and Chinese Construction Firms operating in the country media reports over the years have often reported on the poor remuneration of local workers by Chinese Construction Firms.²²⁸ This motivated the study to seek actual data from the management staff of two Chinese Construction Firms implementing projects in Kenya. The researcher asked six management staff from CCCC and Stecol Corporation²²⁹ whether the two companies compensate all of their employees above minimum wage of Ksh 15,201 as recommended by the government.

The six-management staff from CCCC and Stecol Corporation²³⁰ explained that the company ensures that it pays all of its employees both permanent and temporary competitively. According to the interviewees, the company compensates its employees on the basis of the positions held by each of the employees. Notably, the six-management staff from the two Chinese companies²³¹ revealed that the lowest paid employee who holds the position of a casual worker is normally compensated Ksh 500 daily. This translate to Ksh 15,000 per month if the casual employees are to report to work the entire month. The pay stipulated by the interviews falls short of the recommended minimum wage of Ksh 15,201 in urban areas such as Nairobi.²³² Notably, two of the interviewees explained that the employees under contract and in particular the skilled employees are remunerated competitively based on the market.²³³

²²⁸ BBC News. *Kenya deports Chinese man over 'racist rant*. [online] <https://www.bbc.com/news/world-africa-45433434>.

²²⁹ Interviews held on 18th July 2022 and 19th July 2022

²³⁰ Interviews held on 18th July 2022 and 19th July 2022 along the Eastern Bypass and Thika road respectively.

²³¹ Interviews held on 18th July 2022 and 19th July 2022 along the Eastern Bypass and Thika road respectively

²³² van Eyssen Benita. *What Kenya's minimum wage rise means*. DW. [online] <https://www.dw.com/en/what-kenyas-minimum-wage-rise-means/a-61745999>.

²³³ Interviewee 006 – From Stecol Corporation, interview held along Thika Road on 19th July 2022

From the collected data, it was revealed that the general workers who accounted for approximately 2/3rds of the respondents involved in the study were paid below Kenya's minimum wage. This implies that give the extended working hours the local employees are required to work in the Chinese construction companies, they do not have other sources of income, hence the salaries paid is not able to cushion against the high cost of living in the country. The researcher observes that the minimum wage was increased by the president Uhuru Kenyatta²³⁴ to help the low income earners cushion against the rising cost of living that was fueled by the Covid-19 pandemic and the Russia-Ukraine war. Therefore, any employee offering a salary or wage that is below the minimum wage is in violation of the current labour laws.

The management staff from the local construction companies were asked to indicate the range of remuneration from the lowest paid to the highest paid employee. The interviewees indicated that the lowest paid employee receives a wage of Ksh 600 per day which accounts to Ksh 18,000 monthly while the highest paid employee received over Ksh 100,000. An interviewee explained that the gap in the pay of the employees is driven by the positions and responsibilities held by different employees. An interviewee²³⁵ explained that the job group of the employees play a leading role in remunerating each of their staff members. The finding is similar to results by Rounds and Huang²³⁶ who found that the remuneration of employees in any company should be guided by the occupation and not nationality.

²³⁴van Eyssen Benita. *What Kenya's minimum wage rise means*. DW. [online] <https://www.dw.com/en/what-kenyas-minimum-wage-rise-means/a-61745999>.

²³⁵ Interviewee 010 – From Pinnie Agency Ltd, interview held at the company's offices along Kimathi Street on 21st July 2022

²³⁶ Rounds, Zander, and Hongxiang Huang. *We are not so different: A comparative study of employment relations at Chinese and American firms in Kenya*. No. 2017/10. Working Paper, 2017..

The data collected from the management employees from the two local construction companies²³⁷ indicated that the minimum wage was attained by the companies. This shows that the local construction companies were keen on cushioning against the rising cost of living experienced in Kenya and helping their employees navigate these difficult economic times.

4.6.7 Local Employees under Contract

The researcher sought to identify whether all the employees are employed under a contract by the two Chinese companies.²³⁸ The interviewees indicated that contracts are normally offered to permanent and skilled staff. An interviewee argued that given that the large taskforce during the implementation of infrastructural projects are normally the casual workers are not offered contracts while at work. However, the interviewee said:

“All skilled personnel irrespective of their nationality are always offered a contract before starting a project. We do not offer casual workers contracts due to the high turnover experienced. Moreover, all casual workers are remunerated on a daily basis thus difficult to forecast whether they are willing to show up every day to work until the completion of the project” (Interviewee 004 – From Stecol Corporation, interview held along Thika Road on 19th July 2022)

The findings show that the Chinese construction companies may be in violation of the labour laws of Kenya. This is because, according to the labour laws, an employee

²³⁷ Six interviewees from Ogle construction and Pinnie Agency Ltd

²³⁸ CCCC and Stecol Corporation.

should be given a contract once he/she has worked for a company consistently for over three years.²³⁹ Given that the dualling of the Eastern bypass road has taken a period of one year and the Thika Road BRT pilot project has taken a period of two years, some of the casual workers who have worked for the two Chinese Construction Firms consistently ought to be offered a contract.

The six management staff from the Kenyan Construction Firms were asked to make suggestions on the strategies that can be implemented to ensure the protection of local employees. Two of the interviewees explained that the Chinese companies in Kenya should be penalized for not implementing the labour laws. This according to the interviewees would ensure the rights of employees are upheld. An interviewee also added that all employees should be educated on their rights in the working environment. This will ensure that all employees understand their rights, hence empowering them to take legal action in case any of those rights are violated.

4.7 Conclusion

The chapter covered the results and findings of the study. The findings of the data analysis were backed by literature review which provided appropriate explanation. The findings have also led to the identification of areas where further research should be conducted. The next chapter covers a summary of the findings and the conclusions drawn based on the results discussed in chapter four.

²³⁹ The Employment Act of 2007, section 37

CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

The summary of the research results, the inferences made, and the study's recommendations are highlighted in this chapter. This research investigated the Kenya-China bilateral relations in infrastructural development: a case study on remuneration of local employees within Nairobi region.

5.2 Summary of the Findings

Determining the impact of China's involvement in Kenya's infrastructure was the study's first objective. The results showed that China's involvement in Kenya's infrastructure has contributed to the nation's expansion and development. However, this progress has been followed by a negative effect of Kenya increasing its debt to China. The non-interference policy adopted by China has had a negative effect on Kenya by increasing the national debt. This as stipulated in the findings was attributed to the fact that the non-interference policy does not promote accountability and transparency of the money borrowed. While it was established that China's involvement has resulted in the construction of state-of-the-art roads, it has also led to the debt-trap phenomenon.

The second objective of the study was to determine the influence of company ownership on the remuneration of local employees. The study found that company ownership had a significant influence on the remuneration of local employees. From the findings, it was established that the Chinese construction companies, remunerated the local employees poorly as compared to the Local construction companies. Moreover, the working conditions in the Chinese construction companies was found to be poor in comparison to those in the local construction companies. This gap may be attributed to the fact that Chinese labour laws and that of Kenya differ in ensuring

the rights of employees are upheld. Therefore, there is need to emphasize that each company irrespective of ownership should uphold the rights of employees in Kenya.

The third objective of the study was to determine the influence of the Kenya-China bilateral relations on infrastructural development on the average level of wages. The findings revealed that the average wage of the employees was influenced by Kenya-China bilateral relations. The findings indicated that the work environment of the local employees in the Chinese companies was poor. Additionally, the findings indicated that local employees in comparison to Chinese employees received low salaries/wages.

5.3 Conclusion

Kenya-China bilateral relations has played a central role in the development of Kenya. This is because China has provided financing in the form of loans that has enabled the construction of roads and infrastructural projects. However, the bilateral relations as indicated in the study has resulted in an increase in Kenya's national debt. The study revealed that local employees working in the Chinese companies face a number of challenges as compared to the local employees working in Kenyan construction companies. Among the key challenges identified include poor remunerations and poor working conditions. A key contributor for this discrepancies by the different companies is as a result of the fact that the local employees working under Chinese management are not allowed to join trade unions, hence their rights can be easily violated by these international companies. The study concluded that Kenya-China relations on infrastructural projects has an influence on the remuneration of local employees in Kenya.

5.4 Recommendations

The study recommends that the government should implement accountability and transparency with reference to the financing borrowed from China. As a result of the non-interference policy adopted by China, monitoring is not done by the Chinese government unlike other financial lenders. This has resulted in increased corruption in developing countries such as Kenya that heavily depend on borrowing to facilitate development. Therefore, the Kenyan government should develop transparency and accountability mechanisms to ensure that any amount of financing borrowed for infrastructural projects is implemented appropriately to avoid increasing the country's debt.

The study recommends that the government through COTU should ensure that the labour laws of Kenya are followed by all employers including international companies with subsidiaries in Kenya. This is because, from the findings, it was established that the Chinese companies in comparison to the Local companies provided poor pay and working conditions for local employees. Therefore, to address this challenge, enforcement policies are required to ensure that while international companies offer job opportunities they also adhere to the labour laws in Kenya.

The study recommends that public awareness should be conducted to educate all employees on the importance of understanding their rights before starting any job. This is because, the international companies such as the Chinese companies take advantage of their employees because they do not understand their rights as employees. Therefore, trade unions should take a leading role in creating awareness and educating employees on the ways in which they can defend themselves against employers who do not adhere to the labour laws in the country.

5.5 Suggestion for Further Research

This study suggests that further research should be conducted on the remuneration of local employees by Chinese companies undertaking different projects such as Tatu City project. Further, the study suggests that research should be conducted focusing on the working environment in Chinese operated projects.

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APPENDIX I: LETTER TO RESEARCH PARTICIPANTS

LETTER TO RESEARCH PARTICIPANTS

Dear Sir/Madam

RE-LETTER OF INTRODUCTION

This is to inform you that I am a student at the University of Nairobi offering a Master of Arts Degree in International studies. I am currently undertaking my Project Research on “Kenya-China Bilateral Relations in Infrastructure Development: A case study on remuneration of local employees.” The study focus area is the roads subsector in Nairobi County. It also Chinese Construction Firms and Kenya Construction Firms operated within the Roads’ infrastructure subsector in Nairobi County.

You been selected to provide information needed to the study through survey questionnaire and an interview guide. Your valuable experience and input will be a representation of majority of the employees working in the construction industry. The information collected will be used only for research purpose and will not be used for commercial gains. The information and your identity will be treated with high level of confidentiality.

I, therefore, wish to request for your support and cooperation as well as complete honest responses to survey questionnaire and interview guide whichever is relevant to you.

Yours faithfully

Abdi H. Ibrahim

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MAIS

APPENDIX II: RESEARCH QUESTION

RESEARCH QUESTIONNAIRE

The purpose of this questionnaire is to collect data on Kenya-China bilateral relations in infrastructure development with a case study on the remuneration of local employees. Please fill in the following questionnaire by answering all the questions given as instructed. All information obtained will be treated confidentially and will only be used for the purposes of this research. Please do not indicate your name in the questionnaire.

SECTION A: DEMOGRAPHIC INFORMATION

(Tick Appropriately)

1. What is your age bracket?

Below 20 years

20-30years

31-40 years

40-50 years

Above50years

2. What is your highest level of education?

Secondary level

College level

University level

Post graduate level

3. What's the name of the company you work for?.....

4. How long have you worked for this company?

SECTION B: China's involvement in Kenya's Infrastructure Development

1. To what extent do you agree or disagree with the following statements on China's involvement in Kenya's Infrastructure Development. Rate on a scale of 1 to 5 where 1= strongly disagree, 2=disagree, 3= undecided, 4= agree and 5 is strongly agree

| China's involvement in Kenya's Infrastructural Development | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| The involvement of China in Kenya's infrastructure development has transformed the country to an advanced nation | | | | | |
| The Chinese companies complete infrastructure projects at a fast rate | | | | | |
| It is unfair that Chinese companies get most of the tenders to manage infrastructure projects | | | | | |
| The involvement of China in Kenya's infrastructure development has increased the international debt of the country | | | | | |
| The infrastructure projects spearheaded by Chinese companies in Kenya are sustainable | | | | | |
| The infrastructure projects managed by Chinese companies in Kenya are of poor quality | | | | | |

SECTION C: Remuneration of Local employees

2. In your opinion, are local employees remunerated appropriately as compared to the Chinese employees?

Yes

No

3. How are local employees remunerated?

Daily

Weekly

Monthly

Other.....

1. Are local employees given work contracts before starting the job?
Yes
No
2. Are local employees allowed to join labour unions by the institution?
Yes
No
3. On average, how much are local employees remunerated on a monthly basis?
Below 10,000
10,001-20,000
20,001-30,000
30,001-40,000
Above 40,000
4. On average, how much are Chinese employees remunerated on a monthly basis?
Below 10,000
10,001-20,000
20,001-30,000
30,001-40,000
Above 40,000
5. In your opinion, is the amount you are compensated enough to sustain you given the high cost of living in Kenya?
Yes
No

1. To what extent do you agree or disagree with the following statements on remuneration of local employees by Chinese companies in Kenya. Rate on a scale of 1 to 5 where 1= strongly disagree, 2=disagree, 3= undecided, 4= agree and 5 is strongly agree.

| Remuneration of local employees | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| The local employees receive competitive remuneration | | | | | |
| The working environment of the local employees is conducive | | | | | |
| The local employees are provided with protective clothing by the Chinese company | | | | | |
| The Chinese employees interact well with the local employees | | | | | |
| The local employees are offered a health cover by the Chinese company | | | | | |
| The local employees work the required hours per day are proposed by the international labour organizations | | | | | |
| The local employees are compensated for working over-time | | | | | |
| The local employees receive similar financial benefits as the Chinese employees | | | | | |
| The local employees are compensated in case they are injured within the work place | | | | | |
| The local employees receive bonuses and rewards for work well done from the Chinese companies | | | | | |
| The turnover of local employees is high since the Chinese company does not offer competitive remuneration | | | | | |

“THANK YOU FOR YOUR TIME”

APPENDIX III: INTERVIEW GUIDE FOR MANAGEMENT TEAM OF CHINESE COMPANIES

INTERVIEW GUIDE FOR MANAGEMENT TEAM IN THE CHINESE COMPANIES

1. In your opinion is China's non-interference policy been effective in promoting development in Kenya?
2. In which ways does China benefit from engaging in the infrastructure development in Kenya?
3. Which policies and procedures have paved way for Chinese companies to engage in infrastructure development in Kenya?
4. What process do Chinese companies undergo before being assigned Kenyan infrastructure projects?
5. Does this company remunerate the local employees above minimum wage in Kenya which stands at Kshs. 15,201?
6. Does your company offer a conducive working environment for local employees?
7. Have there been any cases of local employees' mistreatment by the company?
8. Does your company offer competitive compensation to local employees in comparison to the local companies?
9. Does your company engage in collective bargaining processes with the local employees?
10. Does your company offer local employees contracts?
11. In your opinion, do you think the company compensates local employees adequately to cushion the high cost of living in the country?

“THANK YOU FOR YOUR TIME”

APPENDIX IV: INTERVIEW GUIDE FOR MANAGEMENT TEAM OF LOCAL COMPANIES

INTERVIEW GUIDE FOR MANAGEMENT TEAM IN THE KENYAN COMPANIES

1. In your opinion, is it fair that Chinese construction companies are assigned more infrastructural projects in Kenya as compared to the Kenyan companies? explain
2. What hinders more local companies from being awarded large infrastructural projects in Kenya?
3. Does the company offer contracts to all local employees?
4. In your opinion, do local companies compensate local employees more as compared to the Chinese construction companies?
5. In your opinion, do local companies offer better working conditions to local employees in Kenya?
6. What is the range of the lowest paid employee working for the company?
7. Does your company encourage employees to join labour unions?
8. Does your company engage in collective bargaining with the local employees?
9. In your opinion, is the compensation offered by the company sufficient to sustain local employees with the rising cost of living?
10. What can be done to ensure the protection of local employees in Kenya?

“THANK YOU FOR YOUR TIME”