

**EMPLOYEES PERCEPTION OF INDUSTRIAL ACTION IN  
COMMERCIAL BANKS IN KENYA**

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## **DECLARATION**

I hereby declare that this project is my original work and has never been presented to any other institution for the award of a degree. No part of this research should be reproduced without my consent or that of the University.

**Sign.....**

**Date.....**

**NGOJE ROBLEY OTIENO**

**D64/65261/2013**

This research project has been submitted for examination with my approval as the university supervisor.

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## **DEDICATION**

I have dedicated this research project to my mother for her kindness and devotion, and for her endless support when I needed it most in my academic pursuit at all levels; her selflessness will always be remembered and cherished. May the Almighty God grant you good health, comfort and peace.

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## **ABSTRACT**

Support of employees is paramount for organizational success. Industrial action is a form of protest by employees to push an agenda. Research finding has shown that industrial actions such as covert and overt actions are taken by employees at varying scales to express their displeasure with the management whenever they are aggrieved. It is significant for employers and employees to maintain cordial working relations in the world's competitive global market. The study sought to establish employees' perception of industrial action in Commercial Banks in Kenya. A descriptive study design was used and out of the 803 questionnaires sent out, 571 responded. The data collected was analyzed through descriptive statistics which included mean, standard deviation and percentages. Industrial action was positively perceived by most employees in Commercial Banks in Kenya as an effective way to deal with management in terms of problem solving and pressing for resolution of their issues. It is evident that most of the bank employees preferred covert industrial actions where they cannot be easily identified which perhaps give indications that bank management take ruthless measures on employees engaged in industrial strikes which are the traditionally known industrial actions in Kenya. The study recommends that banks should establish effective and efficient dispute resolution mechanisms where employees can air their grievances; embrace employee engagement platforms for enhanced understanding and satisfaction; create mechanisms to monitor how the terms of service for employees are being met. The researcher recommends further study to be done on the cause of the high prevalence of covert industrial actions such as sabotage, absenteeism, non-cooperation and go slow in Commercial Banks in Kenya.

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

In the beginning when business was in its family ownership form called family business, the workers relation with the employer was simple and straight. However, these relations gradually changed to complex and strained with the advent of industrial revolution (Missroom, 2009). The growth of modern industrial establishment involves the employment of a large number of workers. With a large number of workers, there is a high potential of conflicts of interest between workers and the employers. Conflict ranges from disagreements, debates, to physical confrontation, murder, and annihilations (Shekhar, 2009). The employers may want to save on wages, or implement major changes to the workforce model, and this may bring conflicts between them and the employees. The employees may want to highlight their complaint at a higher level, for example, to the general public. The employees may also want to negotiate for higher wages and better working conditions. All these could lead to conflicts between the employees and the employers (Shekhar, 2009).

Commercial banks are profit making financial institutions that play a significant role in a country's financial system (Central Bank of Kenya, 2009). Commercial banks in Kenya are licensed by the Central Bank of Kenya to provide financial services, including issuing money in various forms, receiving deposits of money, lending money and processing transactions and the creation of credit (Banking Act, 2012). Commercial banks accept deposits from customers and in turn, make loans, even in excess of the deposits; a process known as fractional-reserve banking. Commercial banks in Kenya are classified on the basis of the number of employees, the capital base and the market share. The employee structure among commercial banks in Kenya include the chairman, the chief executive officer, directors, senior and middle level managers, supervisors, junior permanent staff and the sales force. Commercial banks in Kenya use reinforcement of performance through pay to encourage repetition of desired behavior, increase productivity, attendances, safety awareness, job satisfaction, reduce absenteeism and accidents and make the employee feel appreciated to reduce industrial conflicts (Maag, 2001).

In industrial relations, people are concerned with one another as employers, employees, supervisors or managers. If the workers are to work whole heartedly, they must be satisfied. To ensure industrial peace, they must be treated right (Missroom, 2009). This is done to avoid incurring costs during an industrial action such as industrial strike, occupation of factories, work-to-rule, overtime ban, sympathy strike, picketing, lockout, unfair labour practice strike, non-cooperation, recognition strike, sympathy strike, boycott of work, absenteeism, sabotage, disclosure of company secrets to competitors, demonstrations, go-slow, walkout strike among others (Brenner et al. 2011). Employees have their feelings, thoughts and emotions, which must be understood to help the management to deal with the problems of workers more effectively. It is in the interest of both the workers and management that industrial actions are properly handled. Industrial actions are steps that workers of a firm may take to enforce their demands or to press management to address their grievances (Brenner et al. 2011).

### **1.1.1 Concept of Perception**

Nelson (2008), states that perception is a process of consciousness of an object. It is one of the means of valid knowledge in the world and consists in an inseparable relation of the perceptive consciousness with its content. Employee perception is a factor that can make a huge difference in the quality of the workplace and influence the employees' stay in the organization. Negative perceptions of the company and the work environment can cause qualified employees to seek opportunities elsewhere. Positive employee perception of an organization is an important factor for the organization's existence, growth and development (Snell, 2006)). Therefore, whatever the employees perceive is generally what the employee believes and acts on. Employees' perceptions in an organization are crucial to its success; since the driving force behind the success, or otherwise of any business rests on its employees. Perception is influenced by intelligence, personality, expectations, motivations and interest (Mcshane, 2006). Perceptions are developed over time and can change as new information and experiences are acquired by employees (Snell, 2006).

Employee perceptions cannot be ignored, even when they are known to be incorrect, because they are factual to the employees that in turn act as a major factor to

continued existence of the employee in the organization. Perception differs from one individual to another (Mullins, 1999). Consequently employees will perceive issues differently and will have different expectations from the same employer. Some may be concerned on career development, while others on salary and fringe benefits; some may prefer a flex work system while others will not mind a controlled system. Others may want performance related pay while others will want fixed pay (Mcshane, 2006). Employees' perceptions in an organization are crucial to its success; since the driving force behind the success, or otherwise of any business rests on its employees (Mullins, 1999).

### **1.1.2 Industrial Action**

Industrial action or job action refers collectively to any measure taken by trade unions or other organized labour meant to reduce productivity in a workplace. Quite often, it is used and interpreted as a euphemism for strike or mass strike, but the scope is much wider (Brenner et al. 2011). The term industrial action refers to a situation where the employers' or the employees' side take collective action to exert pressure on the other collective bargaining party in order to achieve its goals. The term is often used synonymously with labour dispute. Industrial action, such as strikes, work bans and sabotage may be taken by unions, employees or employers in pursuit of a new collective agreement. Such action, however, is prohibited during the life of an agreement (Brenner et al. 2011). Industrial action can be measured in three dimensions: the number of strikes and lock-outs; the number of affected workers; and the number of working days lost (Armstrong, 2006).

Strikes are the most politically charged of all the features of industrial actions. However, those involved in negotiation, as well as trade unions, have recognized that a strike is a legitimate last resort if all else fails (Brenner et al. 2011). In France, the right to strike is recognized and guaranteed by the Constitution. A "minimum service" during strikes in public transport was a promise of Sarkozy during his campaign for the French presidential election. A law "on social dialogue and continuity of public service in regular terrestrial transports of passengers" was adopted on 12 August 2007. This law, amongst other measures, forces certain categories of public transport workers to declare to their employer 48 hours in advance if they intend to go on

strike. If they go on strike without having declared their intention to do so beforehand, they leave themselves open to sanctions (Armstrong, 2006).

In Kenya, under Article 41 of the Constitution, every worker has the right to fair labour practices including: fair remuneration; reasonable working conditions; and the right to go on strike. All employees may join any registered and recognized trade union of their choice. An employee may participate in a strike if:- the trade dispute that forms the subject of the strike concerns the terms and conditions of employment or recognition of a trade union to which an employee is a member; the trade dispute is unresolved after conciliation; and seven days written notice of strike has been given to the Cabinet Secretary responsible for Labour matters by the authorized representative of the Union (Constitution of Kenya, 2010). The Industrial action that is very common in Kenya is the strike. In a number of instances, Kenyan workers have always taken strike actions to demand higher wages in the face of spiraling inflation precipitated by run-away prices of consumer goods or commodities. With low wages, deplorable working conditions and poor remuneration, conditions for industrial actions are permanently present among the working people of Kenya, (Hassan, 2013).

In September 2013, public schools were shut down following a national strike that had been called by the Kenya National Union of Teachers to demand the employment of an extra 28,000 teachers to ease an acute shortage of teachers that had led to congestion in classrooms. After four days, the strike was called off after the government promised to employ 23,000 teachers, a promise that is yet to be fulfilled. Just as the teachers were returning to work, lecturers in Kenya's public universities downed their tools demanding a pay rise to a maximum of Kes.400.000 per month at the professor level, up from Kes.165,000 per month. An assortment of pay hikes were also proposed for the lower ranks but as public universities were shut and students sent home when the strike began to bite, the University Academic Staff Union that called the strike announced that it was calling it off to allow for talks with the government "in two weeks". Since then, nothing has happened. Every major strike action that has ever been taken by Kenyan workers in the last few decades has either been winded up with empty promises, weak concessions between the government and workers' representatives or outright defeat, leaving workers demoralized and hopeless. As the lecturers and teachers continued to wait for promises to be fulfilled

by the government, doctors in Kenya also downed their tools thereby paralyzing public hospitals across the country. The doctor's strike also ended up with a false compromise, (Hassan, 2013).

### **1.1.3 Commercial Banks in Kenya**

A commercial bank is a type of financial intermediary and a type of bank. A commercial bank is a type of bank that provides services such as accepting deposits, making business loans, and offering basic investment products. Commercial bank can also refer to a bank that mostly deals with deposits and loans from corporations or large businesses (Gibendi, et al. 2014). In the United States, the term commercial bank was often used to distinguish it from an investment bank due to differences in bank regulation. After the great depression, through the Glass–Steagall Act, the United States Congress required that commercial banks only engage in banking activities, whereas investment banks were limited to capital markets activities. This separation was mostly repealed in the 1990s.

Commercial Banks in Kenya have realized tremendous growth in the last five years and have expanded to the East African region with several correspondence banks across the globe. They have also involved themselves in automation and installation of Automated Teller Machines, moving from the traditional banking to better meet the growing complex needs of their customer and globalization challenges. There are 43 licensed commercial banks in Kenya (Central Bank of Kenya, 2014). Commercial banks are profit making financial institutions that play a significant role in the financial system (Central Bank of Kenya, 2014). Commercial banks provide financial services, including issuing money in various forms, receiving deposits of money, lending money and processing transactions and the creation of credit. Commercial banks accept deposits from customers and in turn, make loans, even in excess of the deposits; a process known as fractional-reserve banking, (Gibendi, et al. 2014).

Commercial Banks in Kenya are classified on the basis of the number of employees, the capital base and the market share. The large commercial banks in Kenya are 16; medium commercial banks are 19 while the small commercial banks are 8 (Central Bank of Kenya, 2014). The employee structure among commercial banks in Kenya

include the chairman, the chief executive officer, directors, senior and middle level managers, supervisors, junior permanent staff and the sales force. Commercial banks in Kenya use reinforcement of performance through pay to encourage repetition of desired behavior, increase productivity, attendances, safety awareness, job satisfaction, reduce absenteeism and accidents and make the employee feel appreciated (Gibendi, et al. 2014). The industrial actions at the commercial banks in Kenya can be looked from the perspective of its number of employees. The commercial banks in Kenya have 31857 employees across the country and 8037 employees in Nairobi County. Since 1998 no strike of any nature has been experienced in the commercial banks in Kenya (Kenya Bankers Association, 2014).

## **1.2 Research Problem**

Industrial action has been criticized for the costs that occur (Shekhar, 2009). Even though industrial actions may be uncomfortable to many, solutions to employees' grievances are reasons for employee satisfaction. Hattie et al (2006) note that the expense of an industrial action is a cause of concern for both employers and the customers. Employees perceive industrial action negatively since they lose in terms of wages and company benefits. There is also increased tension in workplace, low morale, job dissatisfaction, increased resentment and breakdown in communication (Shekhar, 2009). Bad publicity is also generated from industrial action. Some employees perceive industrial action positively since it provides an opportunity for them to express their dissatisfaction. Employers perceive industrial action positively since new communication lines can be opened between workers and management; changes in technology and techniques can also be implemented (Shekhar, 2009).

The industrial actions are mostly economic or sometimes sympathy strikes, however, after the infamous bankers strike of 1998 against the government for imposing fringe benefit tax, no strike of any nature has ever been experienced among the Commercial Banks (Industrial Court of Kenya, 2001). Over 200 employees lost their jobs in that strike and the remaining employees were compelled to sign letters stating that they will never participate in an illegal strike as a condition for re-employment (Kenya Bankers Association, 2006). Subsequent to this infamous strike that was ordered under the banking union called Kenya Union Commercial Food and Allied Workers,

bankers had a mass exodus from Kenya Union Commercial Food and Allied Worker to Banking Insurance and Finance Union (Industrial Court of Kenya, 2001). The union that has been representing the unionized employees of Banks from the year 2000 to this date is Banking Insurance and Finance Union (Industrial Court of Kenya, 2001). The Kenyan union representation only allows for closed shop representation where only one union is accorded recognition once they have attained simple majority membership (Labour Relations Act, 2007).

Commercial Banks in Kenya are unique financial service providers in Kenya. Commercial Banks are major employers, having 31857 employees in all their branches across the country, 8037 of those being in Nairobi County. Out of the 43 Commercial Banks in Kenya, 30 are locally owned and 13 are foreign owned (Central Bank of Kenya, 2014). Commercial Banks have been identified for the study owing to their uniqueness due to the diverse representation by the locally owned and foreign ownership. They also have a wide network and are major employers in the banking sector. Commercial Banks play a pivotal role in the economic development of any country hence any industrial action can shake the country's economic wellbeing and prosperity. Commercial Banks workers also have not participated in a strike since 1998 yet strikes are very common in Kenya especially among teachers, lecturers, transport industry and health workers.

Related studies have been conducted in this area; Mohammed (2008) researched on employee perception on Management Process at the Postal Corporation of Kenya. He found out that employees had a negative perception on management process. Wanyama (2007) studied Employee Perception of Performance Appraisal. Wanyama also found out that employees had a negative perception of Performance Appraisal. Odhiambo (2003) researched on Industrial actions among Kenyan Secondary Schools Teachers, Na (2006), researched on 'managing strikes across diverse cultures' while Wambugu (2008) studied employee perception towards industrial actions among mass media houses in Kenya amongst others. The study by Wambugu revealed that employees had a negative perception towards industrial actions among mass media houses. These studies focused on the employee's perception in other institutions; so far to the best knowledge of the researcher, no study has ever focused on the employee's perception of industrial actions among commercial banks in Kenya. This



constitutes knowledge gap in the commercial banks in Kenya that this study seeks to address. This provides the rationale for this proposed study which seeks to answer the following question: what are the employees' perceptions of industrial action in Commercial Banks in Kenya?

### **1.3 Research Objective**

To establish employees' perception of industrial action in Commercial Banks in Kenya.

### **1.4 Value of the Study**

The study will help the management to make better decisions in regard to industrial actions and to design processes that will enhance industrial harmony. The research will also identify positive and negative effects of employees' perception of industrial actions in Commercial Banks in Kenya. The findings will be useful to policy makers and practitioners in establishing how employee perception may affect organizational performance. The study may also add value to the existing body of knowledge by stimulating new areas for further research through the findings and subsequent recommendation.

The policy makers could use the results of the study to identify and set measures which should be, among other factors, meant to reduce industrial actions at the workplace. This would help in improving the employee – employer relationship for better health of the organization. Additionally, the study will also help researchers in provision of information as secondary data for future use in the academic arena. Finally, the employees in Commercial Banks in Kenya will benefit from the study by providing them with in-depth understanding of industrial actions and how perceptions keep changing with time.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter covers theoretical foundation and industrial action.

### **2.2 Theoretical Foundation of the Study**

Industrial action scholars have described two major theoretical perspectives that contrast in their understanding and analysis of employee's industrial action. The two views are generally known as pluralist and unitarism. Each offers a particular perception of workplace relations and will therefore interpret such events as workplace conflict, the role of unions, industrial action and job regulation differently.

#### **2.2.1 Pluralist Theory**

Pluralist theory tends to see conflict as inherent in workplaces. In pluralism, the organization is perceived as being made up of powerful and divergent sub-groups, each with its own legitimate loyalties and with their own set of objectives and leaders. In particular, the two predominant sub-groups in the pluralist perspective are the management and trade unions (Polsby, 2006). Consequently, the role of management would lean less towards enforcing and controlling and more toward persuasion and co-ordination. Trade unions are deemed as legitimate representatives of employees; conflict is dealt by collective bargaining and is viewed not necessarily as a bad thing and, if managed, could in fact be channeled towards evolution and positive change (Gad, 2003). The theory of pluralism is a by-product of the concern of bourgeois oriented social scientists for 'democratic' and 'stable' political institutions in the face of the threats posed to the continued survival of capitalist democracies (parliamentary or military dictatorship) by the pressures of the struggles of the deprived working masses. The Pluralist doctrine is therefore a political theory which seeks to redress the shortcomings of a capitalist political order with a view to prevent its overthrow and safeguard the status-quo, (Cole, 2005).

#### **2.2.2 Unitarist Theory**

In unitarist theory, the organization is perceived as an integrated and harmonious whole with the ideal of "one happy family", where management and other members of

the staff all share a common purpose, emphasizing mutual cooperation. Furthermore, unitarism has a paternalistic approach where it demands loyalty of all employees, being predominantly managerial in its emphasis and application, (Cole, 2005). Conflict is perceived the pathological result of agitators, interpersonal friction and communication breakdown. The unitary approach posits the least amount of conflict. The unitary approach sees no conflict except as a pathological condition. This approach does not accept that there is any intrinsic conflict involving industry, labor and society. It sees industrial actions as a harmonious means of organizing society under normal circumstances (Femi, 2008). Unitary theory disputes that there is a meaningful role for conflict in the workplace. Unitarists posit that management should set the rules and workers should cooperate in complying with the rules. Conflict is seen as disruptive. Managers and workers share a common interest and there is no need for 'third party' interventions, (Cole, 2005).

The essence of the unitary theory is that the larger social system or the work enterprise as a sub-system of the larger social system is a unitary organization (Braham & Dabscheck, 2012). The larger social system or the work enterprise is likened to a football team or a family which shares a common goal. Just like the head of the family supposedly knows what is best for all members of the family and acts at all times in the interest of the family as a whole, so also the government or the management symbolizes the common good of all parties in the enterprise (Femi, 2008). On this basis, as members of a football team should unquestionably listen to the coach or as the troops must obey the command structure in the army without complaining, and as the children should not query the authority of their parents, so also the workers should be absolutely loyal to the government or management as the case may be, (Cole, 2005). From the unitarist perspective, all the ideas, perceptions and actions of management or government are legitimate and rational and all the ideas, perceptions and actions of the workers that conflict with the command of the management or government are illegitimate and irrational (Braham & Dabscheck, 2012). In some political context, unions may be viewed as a vehicle for those who want to overthrow the existing order. The use of legal regulations backed by coercive sanctions by the management is therefore desirable, legitimate and rational to force the workers in line with governmental/managerial prerogatives. From the standpoint

of meeting basic welfare needs, the unitarist theory supports unilateral determination of terms and conditions of work by the employer (Braham & Dabscheck, 2012).

The will, ideas and perceptions of the employer/government in this regard are to be accepted unconditionally by the workers. It can therefore be seen that the unitarist ideology is the ideology of conservative ruling classes (Braham & Dabscheck, 2012). It is based on the asserted and enforced legal right of the employer over the worker which has found its way into the employment contract. The ideas, perceptions and interest of management or government are superior and must be imposed and obeyed without questioning because they represent the interest of the people as a whole. The goal of the unitarist is to domesticate the whole of the social unit under his control (Braham & Dabscheck, 2012). The unitarist ruler alone can determine how society is to be organized, what the goals should be and what changes are desirable. Sectarian agitations/activity by workers, students, peasants, professionals, market women, etc, can only dissipate the national will and energy (Femi, 2008).

### **2.3 Industrial Action**

Industrial action refers to action in which employees work in a manner different from the customary manner. Industrial action may take place in the context of a labour dispute or may be meant to effect political or social change. Failing to attend for work can constitute industrial action, as can a refusal to perform work while at the workplace. Most typically, industrial action is taken in support of a claim(s) pressed by employees against the employer. Industrial action is not limited to action by employees. Employers may also take action in response to employee action or in an attempt to get employees to comply with demands or to get them to refrain from doing certain activities (Aaron et al. 2011).

The Labour Relations Act, 2007 allows employees to take part in a protected industrial action in response to employer industrial action or protest against the employer on terms and conditions of employment or related purposes. If so, the employer must receive seven days' written notice in advance. Section 76 of the Labour Relations Act, 2007 provides that a person may participate in a strike if; the trade dispute that forms the subject of the strike concerns terms and conditions of

employment or recognition of a trade union; the trade union dispute is unresolved after conciliation under the Act or as specified in a registered collective agreement that provides for private conciliation of disputes and seven days written notice of the strike has been given to the other parties and to the Cabinet Secretary responsible for labour matters by the authorized representative of the trade union, in the case of strike. Contractors may be involved in or affected by industrial action (Kenrick, 2010). Specifically, industrial action may include one or more of the following; Overt which is highly visible, direct and aimed at gaining maximum awareness. It is well organized by unions and covert whose main aim is to cause disruption. It is often not organized on a large scale. It is usually a group of employees who support a cause.

Picketing is where employees form a line preventing other employees, contract labour or suppliers from the entering the workplace (Michael, 2006). Picketing is a form of industrial action in which those involved generally gather outside workplace and prevent the smooth functioning of the firm as a form of protest. They may attempt to persuade or stop others from entering the place of work or they may merely seek to publicize their cause. The latter may be designed to put pressure on an employer through adverse publicity (Michael, 2006). Picket lines can be very intimidating and are often used as an industrial tactic to add weight to strike action. Demonstrations is a form of picketing which occurs when employees protest against the employer for imposing any form of rule, practice, policy or intended implementation of any form of action that they may perceive or view as against their wishes (Sinha, 2009). Picketing may breach the general law and police may consequently intervene as breach of the peace or similar offences may be committed (Penal Code, 2010). During picketing, employees stand outside the workplace and prevent the smooth functioning of the firm. Picketing often occurs in conjunction with strike action (Dessler, 2003). Token stoppage is a form of picketing which involves workers stopping work for a short period of time to demonstrate their strength of feeling to the employer. For example: supermarket shop assistants going on strike for two hours (Sinha, 2009).

Industrial strikes occur when employees withdraw their labour. It could be a particular site or the industry. A strike is a collective withdrawal of labour by employees. Under such action, employees refuse to perform all work, not just selected duties. Strikes are usually, but not always, organized by a union. The purpose of a strike is to pressure an

employer into complying with particular demands or refraining from doing something. Under the Labour Relations Act, 2007 strike action may be 'protected action' if undertaken during a bargaining period for an enterprise agreement and other formal procedures have been complied with. Protected action may also cover other types of industrial action as well as strikes. 'Protected action' means that industrial tribunals will not intervene to resolve the dispute as long as it is conducted within the rules of legitimate protected action. The issue of whether employees have 'the right to strike' is one of the most contentious issues in industrial relations (Dessler, 2003). Strike action, also called labour strike, is a work stoppage caused by the mass refusal of employees to work. A strike usually takes place in response to employee grievances. Strikes are sometimes used to pressure governments to change policies. Occasionally, strikes destabilize the rule of a particular political party or ruler; in such cases, strikes are often part of a broader social movement taking the form of a campaign of civil resistance (Aaron et al. 2011).

Sympathy strike is, in a way, a small scale version of a general strike in which one group of workers refuses to cross a picket line established by another as a means of supporting the striking workers. Sympathy strikes may be undertaken by a union as an organization or by individual union members choosing not to cross a picket line. A sympathy strike occurs where one union strikes in support of another, even though the union is not a party to negotiations with the employer (Dessler, 2003). In some cases, the strike is intended to draw media attention to the institution so that the grievances that are causing the students to "strike" can be aired before the public; this usually damages the institution's public image. In other cases, especially in government-supported institutions, the student strike can cause a budgetary imbalance and have actual economic repercussions for the institution (Kenrick, 2010).

An overtime ban is a form of industrial action where employees limit their working time to the hours specified in their contracts, refusing to work overtime. Overtime bans are less disruptive than strike action, and since there is no breach of contract by the employees, there is less chance of disciplinary action by the employer than there is with strikes. However, an overtime ban can have significant impact on industries which normally operate outside of regular office hours, such as emergency services, public transport, banks, or retailers (Aaron et al. 2011). Overtime ban occurs when

employees refuse to work overtime for additional hours of work apart from their normal working hours. This type of action is attractive for collectively organized employees as they are theoretically still at work and getting paid, however the action can still have an adverse impact on the employer's business (Sinha, 2009). Employers may seek orders from industrial tribunals to have overtime bans lifted. Overtime ban involves employees working only the normal working hours as outlined in their letter of contract or employment letter (Kenrick, 2010).

Work to rule is when workers purposely follow all the rules in order to delay progress of work and when workers perform their tasks exactly as they are required to but no better. A work to rule is a campaign that involves employees taking their work responsibilities very literally. It occurs when employees decide to perform only what is contained in the contract (Dessler, 2003). No work as directed, no pay: An employer is entitled, at common law, to refuse payment to employees if the employees refuse to perform the work they have been contracted or directed to perform. The concept of 'no work as directed, no pay' is generally applicable to award/agreement employees as well as employees working under common law contracts and other contracts that may be regulated by legislation (Mather, 2011). Employers generally adopt the 'no work as directed, no pay' tactic in response to employee action.

Go slow is when employees work at a very slow pace. A go slow is where employees delay production or work flow to put pressure on the employer to submit to their demands and/or address their grievances (Sinha, 2009). The employees deliberately work slower than they would under normal conditions. A go slow is often difficult for an employer to detect and equally as difficult for an employer to counter as theoretically, employees are still doing their job, even if at a slower rate than usual. A secondary boycott, when carried out by a union, usually involves a union putting indirect industrial pressure on an employer (Kenrick, 2010). The union arranges with or forces a third party, usually a supplier of goods to the employer, to withhold its supply of goods until the union's demands are met (Mather, 2011). The area of secondary boycotts is a veritable mine field and so if you feel you may be the subject of secondary boycott action it would be wise to seek expert legal advice (Aaron et al. 2011).

Non – cooperation involves workers refusing to follow a new procedure or rule. A stand-down is the suspension of employees without pay. This action may be available to an employer whose employees are engaging in industrial action (Sinha, 2009). Stand-downs may be sought in relation to employees who are not on strike but who are unable to work because of strike action. A stand-down can also be utilized by an employer at times when it cannot pay wages for reasons beyond its control, for example, a downturn in business (Dessler, 2003). Sub-standard performance is an identified inability or unwillingness to utilize appropriate skills to carry out tasks associated with a particular position competently and in a manner which meets the reasonable expectations and service needs of the organization (Kaplan, 2013). Disclosure of trade secrets to competitors is the process where employees of an organization intentionally provide information about a company's product to the competition with an aim of making the company they are working for give in to their demands (Michael, 2004).

Absenteeism is usually organized by employees to be absent from place proper and appointed for the performance of duty either in mass or on a roster system basis to protest management actions or intended actions or decisions. In many instances, employees would seek to use lawful cause such as obtaining approved medical sick offs to enable them to be away from place of work even when they are not actually sick with a view to express their displeasure with the employer (Mather, 2011). Such actions by employees have serious cost implications to the employer if not properly managed. Sabotage is disruption or vandalism at the workplace. Damage is done by employees to either the product itself or in the production of the product. This could potentially have far reaching cost implications to the employer which calls for sober and sound ways of identifying and managing industrial disputes (Kenrick, 2010). Recognition strike occurs when employees go on strike when the employer has refused to recognize their union to negotiate their terms and conditions of employment. In such cases, union officials will whip their members and rally them to compel the employer to recognize their union. Without a recognition agreement in place, unions are unable to negotiate terms and conditions of employment for their members (Dessler, 2003).



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter covers the methodology that was used to carry out the study. It consists of research design, population, sample design, data collection and data analysis.

### **3.2 Research Design**

The study used a descriptive survey. According to Sekaran (2003), a descriptive survey is concerned with finding out the what, where and how a phenomenon and a survey design was chosen since in surveys, data is collected at one point in time from the entire population. The research design was found appropriate since it enables researcher to get information regarding the phenomenon of study which is large in number.

### **3.3 Target Population**

A total of 8037 employees in 43 Commercial Banks in Nairobi County (Central Bank of Kenya, 2013) constituted the population of the study.

### **3.4 Sample Design**

The sample size was 803 employees drawn from Commercial Banks in Nairobi County. The sample comprised 10% of the employees (Mugenda, 2003). This was selected at random from a total of 8037 as presented in Appendix III.

### **3.5 Data Collection**

The study used primary data which was collected using semi-structured questionnaire. The questionnaire was divided into two sections where each section addressed specific issue. Section A dealt with demographic data and section B dealt with employees' perception of industrial action. The questionnaires was administered through the "drop and pick later" method.

### **3.6 Data Analysis**

Data collected was cross checked for completeness and consistency before being classified into purposeful categories. The data collected was analyzed through descriptive statistics which included mean, standard deviation and percentages.

## **CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

### **4.1 Introduction**

This chapter presents data analysis, presentation and interpretation of the findings. It covers response rate, demographic characteristics and employees' perception of industrial action.

### **4.2 Response Rate**

A total of 803 questionnaires were distributed and 571 were filled and returned. This constituted 71% of the response rate. The response is adequate as posted by (Mugenda, 2009) that response rate of 50% and above is adequate to separate reliable conclusion in social science studies.

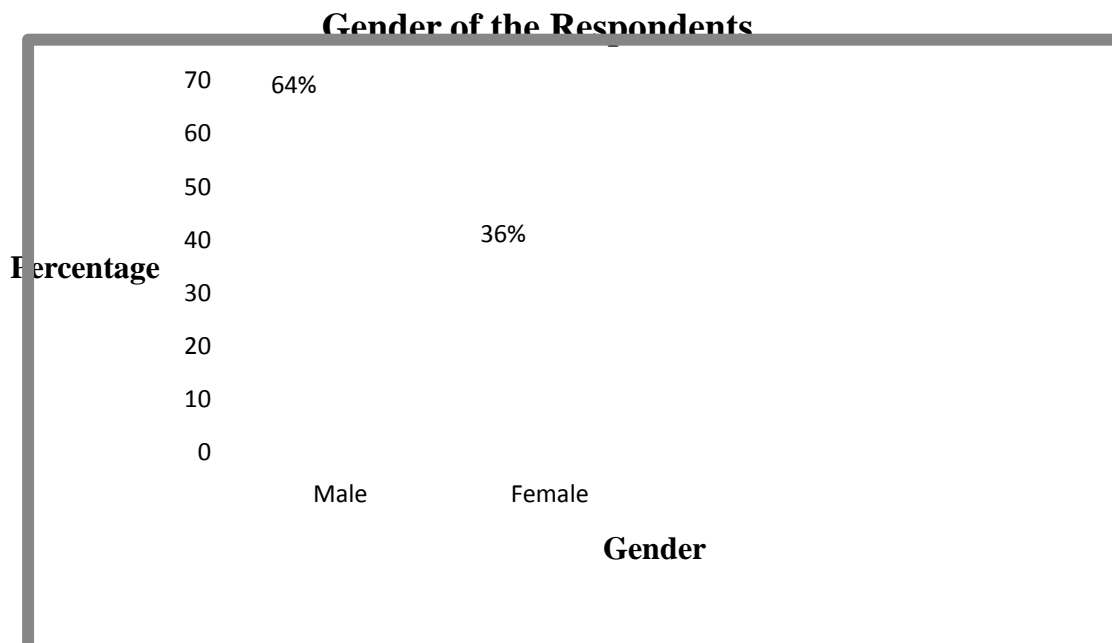
### **4.3 Demographic Characteristics of the Respondents**

The demographic characteristics of the respondents included gender, age bracket, and level of education, work experience and position held in the Commercial Banks in Kenya.

#### **4.3.1 Gender of the Respondents**

Out of the 571 respondents, 64% were males while 36% were females this shows that Commercial Banks in Kenya relies much on male employees. The Banks should therefore increase the number of female employees to balance both genders. The distribution of gender is as shown in Figure 4.1.

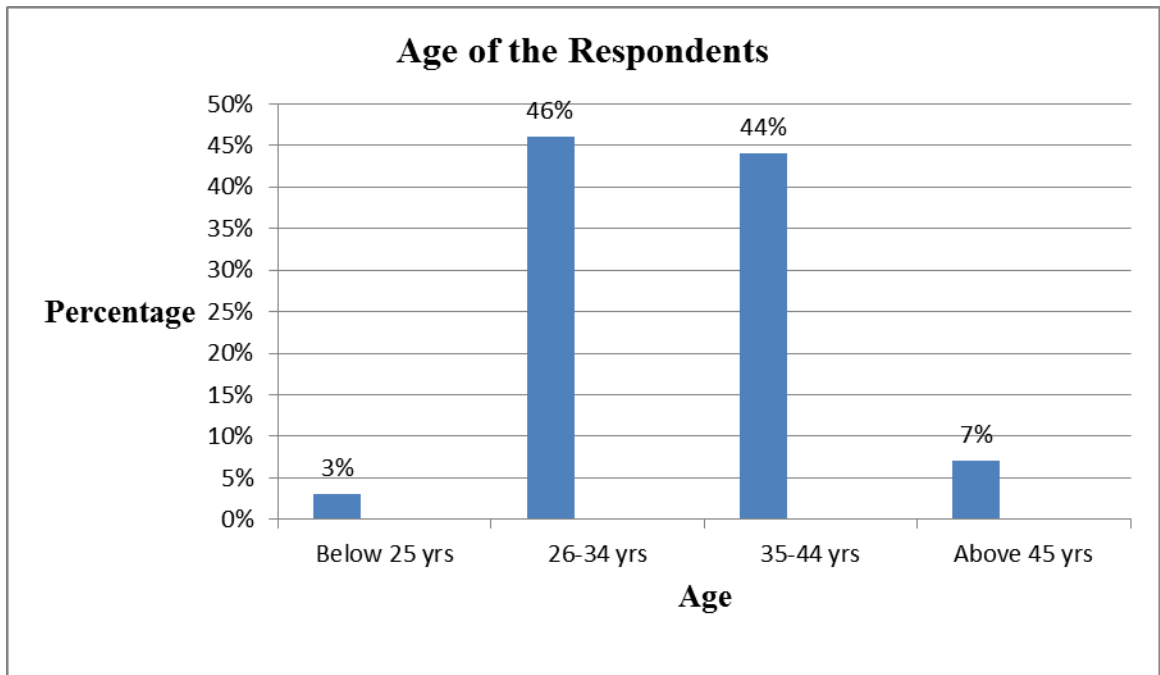
**Figure 4.1: Gender of the Respondents**



#### **4.3.2 Age of the Respondents**

Majority of the respondents were in the age groups of between 26-34 years and between 35-44 years, with 46% and 44% respectively. 3% of the respondents were below 25 years while 7% were above 45 years. Figure 4.2 shows that 90% of the employees were in the age range of 26 and 44 years which is an advantage to them because the youthful and agile employees are able to gain knowledge, experience and share ideas from the more experienced employees who constitute 44% of the employees.

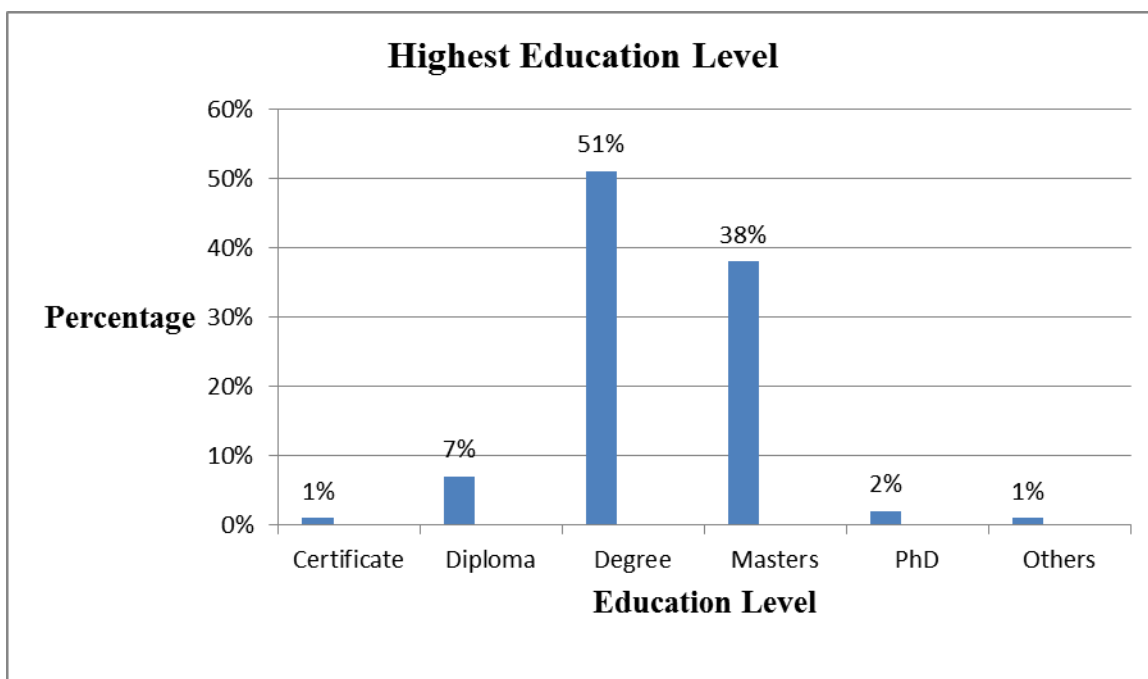
**Figure 4.2: Age of the Respondents**



### **4.3.3 Distribution of Respondents by Level of Education**

From the study 38% of the respondents had Master degree, 51% had Bachelor's Degree, 2% had PhD, 7% had Diploma, respondents with Certificate were 1% and others had 1%. The distribution of employees by their level of education is represented in Figure 4.3. The results show that 89% of the employees had university degree which implies that commercial banks preferred employing individuals with degree qualifications.

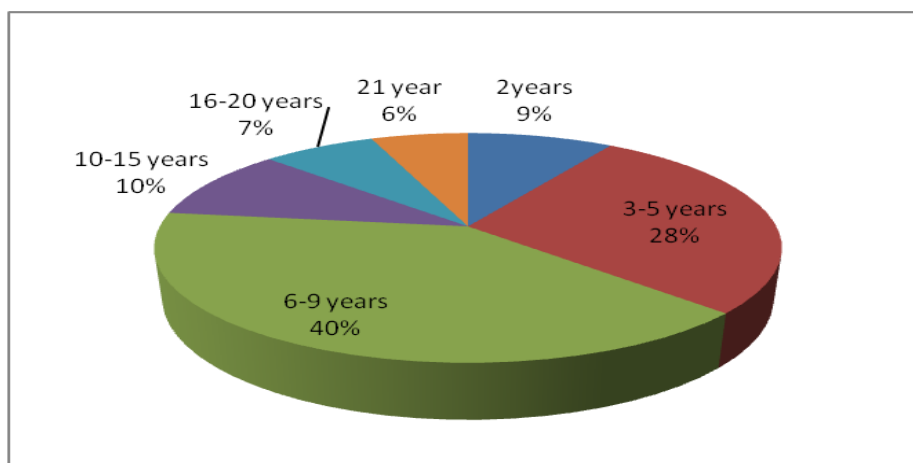
**Figure 4.3: Distribution of Respondents by Level of Education**



#### **4.3.4 Work Experience of the Respondents**

According to the findings in Figure 4.4, 9% of the respondents had work experience of 2 years and below, 28% were in the experience range of 3-5 years, 40% had experience between 6-9 years, 10-15 years of experience represented 10% of the respondents, 16-20 years recorded 7% and lastly 6% of the respondents were 21 years of experience and above as shown by the pie-chart of Figure 4.4. It can therefore be deduced that the majority of bank employees had experience between 6-9 years which implies that most of the bank employees had moderate experience.

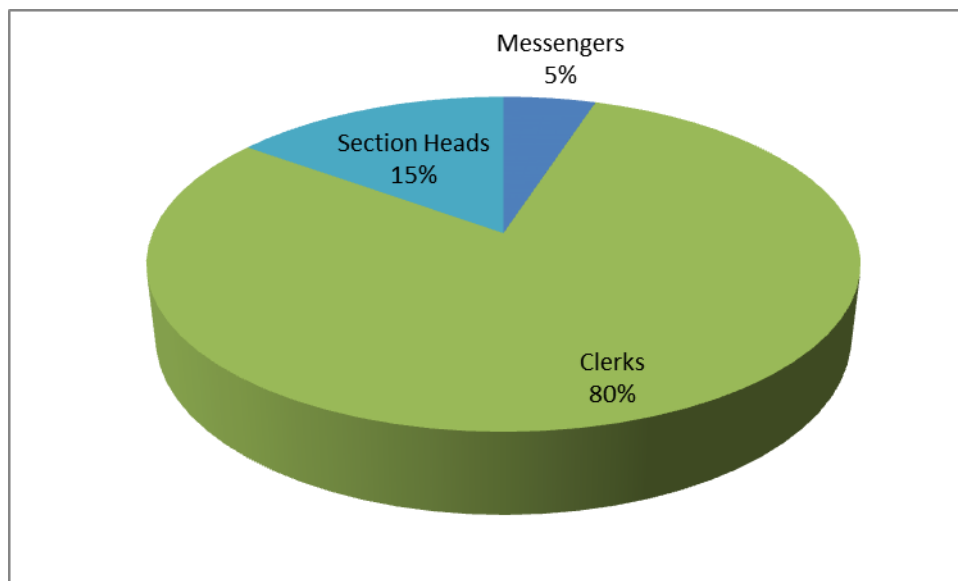
**Figure 4.4: Work Experience of the Respondents**



#### 4.3.5 Position held by the Respondents

5% of the respondents were messengers, 80% of the employees were clerks which formed the larger part of the respondents in the banks. Section Heads accounted for 15% of the respondents, as presented in the pie chart of Figure 4.5. This implies that majority of the jobs in the banks were categorized at clerical level while messengerial jobs are almost becoming extinct in the banks.

**Figure 4.5: Position held by the Respondents**



#### 4.4 Employee Perception of Industrial Action in Commercial Banks in Kenya

Sabotage as a form of industrial action where employees impede normal flow of work was positively perceived by the respondents to be the best way to make the bank management to adhere to their demands. It recorded a mean score of 3.893, this shows that bank employees positively perceived sabotage as a form of industrial action because they assumed that it had greater impact on the banks and less negative impact on the individual employees given the covert nature of sabotage (Kaplan, 2013). Absenteeism as a form of covert industrial action where employees deliberately skive work was positively perceived by the respondents at a mean score of 3.793, this perception was attributed to the fact that it was none violent; employees further perceived that creating disturbance in the bank was not making enough greater impact

and could endanger their career growth. Employees can be absent by faking sick leaves which are legally recognized, this view was held by (Michael, 2006). Non-cooperation involves workers refusing to follow a new procedure or rule. Noncooperation was positively perceived as a form of industrial action by the employees at a mean score of 3.593. This implies that employees would refuse to follow new procedures or rules in the work place. This could be caused by poor communication channels or lack of consultation with their union leaders; this supports the views of (Sinha, 2009). A go slow is where employees delay production or work flow to put pressure on the employer. Go slow as a form of strike was positively perceived at a mean score of 3.394. Go slow as a form of industrial action where employees report to work but refuse to take active role in discharging their duties which lowered their production rate; this supports the views of (Sinha, 2009).

Industrial strike is a mass action taken by employees to compel the employer to negotiate better terms and conditions of employment. Industrial strike was positively perceived by the bank employees as it recorded a mean score of 3.294. Industrial strike was viewed as a measure to coerce bank management to oblige to their demands. The employees' positive perception supports the idea of (Aaron et al. 2011). A work to rule is a campaign that involves employees taking their work responsibilities very literally and occurs when employees decide to perform only what is contained in the contract Work to rule was negatively perceived by the employees, a mean score of 2.795 was recorded, and this was because employees felt they were disadvantaged in the sense that banks' management could use the same to deny them short time out to sort out their personal issues if employees insisted on only doing what is contained in their job descriptions; this supports the views held by (Desser, 2003).

Picketing is a form of industrial action in which those involved generally gather outside workplace and prevent the smooth functioning of the firm as a form of protest. Picketing was negatively perceived by the employees, a mean score of 2.295 was recorded and this was because employees felt their careers would be endangered in participating in overt actions that would allow the employer to pin them down; this supports the views held by (Michael, 2006). A sympathy strike occurs where one union strikes in support of another, even though the union is not a party to



negotiations with the employer. Sympathy strike was negatively perceived by the employees at a mean score of 2.096 perhaps because it causes confusion among its members and that may weaken their course, and the management can compromise the union officials separately making the employees lose out. Sympathy strike is viewed by employees as old fashioned; this supports the views held by (Kenrick, 2010).

Overtime ban is when employees refuse to work overtime for additional hours of work apart from their normal working hours. Overtime ban was also perceived negatively at a mean score of 1.904, this was mainly because the employees believed that, overtime ban denied them extra income which created economic disadvantage to them. It was viewed as not effective and that the employees did not prefer using this method (Aaron et al. 2011). Recognition strike occurs when employees go on strike when the employer has refused to recognize their union to negotiate their terms and conditions of employment Recognition strike was negatively perceived at a mean score of 1.895 which could be attributed to the fact that it endangered the career growth of the employees (Dessler, 2003). Disclosure of trade secrets to competitors is the process where employees of an organization intentionally provide information about a company's product to the competition with an aim of making the company they are working for give in to their demands Disclosure of trade secrets to competitors was negatively perceived at a mean score of 1.752, the respondents felt that it was not prudent to provide trade secrets of their employers to the competitors as this could cause financial instability hence threaten their careers (Michael, 2006).

**Table 4.1: Employee Perception of Industrial Action in Commercial Banks in Kenya**

	N=11	Mean	Sample Standard Deviation (SD)
Sabotage	11	3.893	1.946
Absenteeism	11	3.793	1.896
Non – cooperation	11	3.593	1.795
Go slow	11	3.394	1.623
Industrial strike	11	3.294	1.647
Work to rule	11	2.795	1.398
Picketing	11	2.295	1.146
Sympathy strike	11	2.096	1.048
Overtime ban	11	1.904	0.952
Recognition strike	11	1.895	0.948
Disclosure of trade secrets to competitors	11	1.752	0.876

## **CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMEDATIONS**

### **5.1 Introduction**

This chapter presents a summary of findings of the study, conclusions, recommendations, limitations of the study and suggestions for further research.

### **5.2 Summary**

According to the data analyzed 64% were found to be males and the rest 36% were females. This finding implied that male employees were the most preferred by the bank management for employment. Employees between the ages of 26-34 were found to be the majority which was at 46%, it could be concluded that the commercial banks had youthful employees with moderate experience. The general perception of the employees was positive about industrial action and the most positively perceived was sabotage which reported a mean score of 3.893, this was the highest in all categories of industrial actions, it was followed closely by absenteeism which stood at a mean score of 3.793 and non-cooperation at a mean score of 3.593. In conclusion, industrial action was positively perceived by most employees in commercial banks as an effective way to deal with management in terms of problem solving and pressing for resolution of their issues. It is evident that most of the bank employees preferred covert industrial actions where they cannot be easily identified which perhaps give indications that the bank management takes ruthless measures on employees engaged in mass industrial strikes which are the traditionally known industrial actions in Kenya.

### **5.3 Conclusion**

Industrial action is still endemic in Commercial Banks in Kenya despite the fact that such actions are not reported in the media. It is, therefore, prudent to admit that there are issues affecting bank workers. The study revealed that bank employees positively perceive engaging in the less visible covert industrial actions such as sabotage, absenteeism and noncooperation to express their dissatisfaction rather than engage in overt industrial actions such as mass industrial strike that they can be easily pinned down for. This showed that there is a strained employee - employer relationship and

probably communication channel between the banks' management and their employees is inefficient and ineffective. These findings thus reinforce related studies on employees' perception of industrial actions in other organizations which found that most employees' perceptions on industrial action were positive. The study concludes that there is need for management of commercial banks to establish clear, effective and efficient mechanisms for dealing with employee grievances; create employee engagement platforms and enhance communication channels.

#### **5.4 Recommendations**

The study recommends that banks should establish dispute resolution mechanism where employees can air their grievances without fear of victimization and increase communication channels among their employees. The study further recommends that commercial banks management should embrace employee engagement platforms for enhanced understanding and satisfaction. Mechanisms to monitor how the terms of service for employees are being met should also be established as this will help them realize when there are inefficiencies within their systems and avert possible industrial actions.

#### **5.5 Limitations of the Study**

The study findings are limited to the perception of the respondents and this makes it difficult to generalize the findings to the non-respondents and to other organizations outside commercial banks in Kenya.

#### **5.6 Suggestions for Further Research**

The researcher recommends that further study to be done on the cause of high prevalence of covert industrial actions such as sabotage, absenteeism, non-cooperation and go slow in commercial banks which recorded high positive perceptions from bank employees.

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## APPENDICES

### Appendix I: Introduction Letter

Dear Respondent,

I am pursuing a Master of Science degree course in Human Resource Management at the University of Nairobi. As part of the requirements for the degree award, I am required to undertake a research project in the area of Human Resource.

The purpose of this letter is therefore to request you to fill out the questionnaire on **Employees' perception of industrial actions in Commercial Banks in Kenya**. This information is crucial to this study. Kindly therefore answer the questions as honestly as possible. I wish to assure you that the information you provide will be solely used for purposes of the study. The results and responses from the study will also be held in confidence and will be used solely for academic purposes. Thanking you in advance,

Yours sincerely,

**Ngoje Robley Otieno**

## Appendix II: Questionnaire

### Section A: Demographic Data

1. Gender

i) Male [ ]

ii) Female [ ]

2. Age

i) 25 yrs and below [ ]

ii) 26 – 34 [ ]

iii) 35 – 44 [ ]

iv) 45 and above [ ]

3. Highest qualification

i) Certificate [ ]

ii) Diploma [ ]

iii) Degree [ ]

iv) Masters [ ]

v) PhD [ ]

vi) Others [ ]

4. Work experience

i) 2 years and below [ ]

ii) 3 – 5 years [ ]

iii) 6 – 9 years [ ]

iv) 10 – 15 years [ ]

v) 16 – 20 years [ ]

vi) 21 years and above [ ]

5. Position of responsibility

i) Messenger [ ]

ii) Clerk [ ]

iii) Section Head [ ]

**Section B**

Kindly tick the level that best describes the industrial actions used in your bank.

Please use this as a guide (1-5) to answer question 1 below.

**Key**

1. No Extent 2. Less Extent 3. Moderate Extent 4. Large Extent 5. Very Large

Extent

1. To what extent do workers prefer use of the following industrial action? Put an (X) in the box that best represent your feeling.

Item	Industrial Action	1	2	3	4	5
1	Picketing is the best because it is none violent					
2	I prefer industrial strike because it offers solution very fast					
3	Sympathy strike is not one of the best for employees to use in the bank					
4	Recognition strike endangers our career therefore would not participate					
5	Go slow strikes are not felt by the bank as quickly as possible					
6	Employees feel that they should not work overtime to protest on the management failures					
7	Absenteeism is the best so that the banks do not benefit from our effort					
8	Sabotage is the only way out of our problems in the bank					
9	I prefer work to rule as a way of not doing more work to protest against the bank					
10	I prefer noncooperation to protest against the management					
11	I prefer disclosure of trade secrets to competitors to protest against management.					

Any other (please specify)

.....

### Appendix III: Table of Sample Design

<b>Bank</b>	<b>Manageme</b>	<b>Employee</b>	<b>Total</b>	<b>10% of</b>
African Banking Corp. Ltd	35	127	162	12
Ecobank Ltd.	135	103	238	10
Bank of Baroda (Kenya) ltd.	56	43	99	4
Bank of India	19	23	42	2
Barclays Bank of Kenya Ltd.	716	541	1257	54
CfC Stanbic Bank Ltd.	400	165	565	16
Chase Bank Ltd.	23	264	287	26
Citibank N.A	71	17	88	1
Jamii Bora Bank Ltd.	14	173	187	17
Commercial Bank of Africa	247	164	411	16
Consolidated Bank of Kenya	85	80	165	8
Co-operative Bank of Kenya	658	776	1434	77
Bank of Africa Kenya Ltd.	41	193	234	19
Credit Bank Ltd.	58	18	76	1
Development Bank Kenya Ltd.	28	7	35	0
Diamond Trust Bank Kenya	280	264	544	26
Dubai Bank	12	18	30	1
Equity Bank Limited	115	1504	1619	150
Equatorial Commercial Bank	30	80	110	8
Family Bank Limited	149	409	558	40
Fidelity Commercial Bank Ltd.	25	64	89	6
Guaranty Trust Bank (K) Ltd	78	53	131	5
First Community Bank Ltd	178	0	178	0
Gulf African Bank Limited	13	149	162	15
Giro Commercial Bank Ltd.	59	5	64	0
Guardian Bank Ltd.	36	34	70	3
Habib Bank A.G Zurich	20	25	45	2
Habib Bank Ltd.	28	2	30	0
Housing Finance	178	8	186	1
Imperial Bank Ltd.	50	246	297	24
I & M Bank Ltd.	332	4	336	0
Kenya Commercial Bank Ltd.	1105	1263	2368	126
K-Rep Bank Ltd.	5	295	300	29
Middle East Bank Kenya Ltd.	11	19	30	2
National Bank of Kenya Ltd.	421	507	928	50
NIC Bank Ltd.	215	60	275	6
Paramount Universal Bank Ltd.	13	10	23	1
Prime Bank Ltd.	134	41	175	4
Standard Chartered Bank (K)	659	401	1060	40
Oriental Commercial Bank Ltd.	5	54	59	5
Trans National Bank Ltd.	49	55	104	5
Victoria Commercial Bank ltd.	13	19	32	2
UBA Kenya Bank Ltd	9	39	48	4
<b>Total</b>	<b>6964</b>	<b>8037</b>	<b>15001</b>	<b>803</b>

**Source: Kenya Bankers Association, (August, 2014).**

## **Appendix IV: List of Commercial Banks in Kenya**

1. ABC Bank (Kenya) Limited
2. Bank of Africa Limited
3. Bank of Baroda Limited
4. Bank of India Limited
5. Barclays Bank Kenya Limited
6. CfC Stanbic Holdings Limited
7. Chase Bank Kenya Limited
8. Citibank Limited
9. Commercial Bank of Africa Limited
10. Consolidated Bank of Kenya Limited
11. Cooperative Bank of Kenya Limited
12. Credit Bank Limited
13. Development Bank of Kenya Limited
14. Diamond Trust Bank Limited
15. Dubai Bank Kenya Limited
16. Ecobank Kenya Limited
17. Equatorial Commercial Bank Limited
18. Equity Bank Limited
19. Family Bank Limited
20. Fidelity Commercial Bank Limited
21. First Community Bank
22. Giro Commercial Bank Limited
23. Guaranty Trust Bank Kenya Limited
24. Guardian Bank Limited
25. Gulf African Bank Limited
26. Habib Bank Limited
27. Habib Bank AG Zurich
28. Housing Finance Company of Kenya
29. I&M Bank Limited
30. Imperial Bank Kenya Limited
31. Jamii Bora Bank Limited

32. Kenya Commercial Bank Limited
33. K-Rep Bank Limited
34. Middle East Bank Kenya Limited
35. National Bank of Kenya Limited
36. NIC Bank Limited
37. Oriental Commercial Bank Limited
38. Paramount Universal Bank Limited
39. Prime Bank (Kenya) Limited
40. Standard Chartered Kenya Limited
41. Trans National Bank Kenya Limited
42. UBA Kenya Bank Limited
43. Victoria Commercial Bank Limited

**Source: Central Bank of Kenya, (June, 2013).**