

INDUSTRIAL RELATIONS AND INDUSTRIAL ACTION: EXPLORING SOCIO
ECONOMIC FACTORS AND THEIR EFFECT ON INDUSTRIAL ACTION IN
SELECTED PARASTATALS IN KENYA.

BY

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DECLARATION

This project is my original work and has not been presented for a degree in any other university or for any other award.

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

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DEDICATION

This work is dedicated to my parents Al Hajj Yusuf Bakari Mwamzandi and Mwanaisa Yusuf Mwamzandi for their unwavering support of my endeavours. To my dearest husband Ally Ahmed Ramadhan, for believing in me and taking care of our affairs as I pursue this award and finally to my little princess Mayah Ally Ahmed, for giving me the strength during this research.

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My thanks go to Allah, the most merciful, the most gracious for enabling me to successfully pursue this programme. I secondly recognise my lecturers for sharing their knowledge, my supervisor for their timely guidance and my parents, my husband and my family for their continued support.

ABSTRACT

Industrial relations if not well practiced could lead to negative impact on the organisation depicted in the occurrence of strikes organised by employees. The purpose of the study was to find out to what extent social and economic factors affect industrial action in parastatals in Kenya. The objectives of the study were to analyse the effect of education as a social factor on industrial action, to analyse the influence of inflation on industrial action, to assess the effect of taxation on industrial action, to examine the relationship between interest rates and industrial action. For appropriateness in giving accurate account of the characteristics of a particular phenomenon, descriptive design was used to target 10 public service companies. The researcher used stratified random design to acquire the number of employees needed in each organisation and data collection instruments used were questionnaires and interviews. Quantitative data was analysed descriptively using frequency counts, percentages and presented using frequency tables, bar graphs and pie charts. Qualitative data was reported in a narrative form and where possible percentage of cases reported. Regression analysis was used to show the relationship between the independent variable and dependent variables. A pilot study of the questionnaire was done in Kenyatta University to test data validity. The findings in this study indicated a clear understanding by respondents on the effect of inflation, taxation, education and interest rates on industrial action. The major findings indicated that the recent wave of strike in parastatals was as a result of the increase in inflation. Based on the findings of this study to examine the effects of inflation, taxation, education, and interest rates on industrial action, it is clear that the employer and employees in parastatals hold different perceptions regarding the effects of government policies regarding inflation, taxation, and interest rates on salary of employees. In order to address these differences, this study recommends that government policies on inflation, taxation and interest rates should not negatively affect the net salary of employees or create a further burden on the economic growth and survival of an employee and this can be done through creating payslip adjustments on inflation, taxation and interest rates.

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ABBREVIATIONS AND ACRONYMS

EMS	-	European Monetary System
FWA	-	Fair Work Act
PAYE	-	Pay As You Earn
VAT	-	Value Added Tax
KRA	-	Kenya Revenue Authority
SPSS	-	Statistical package for social sciences

DEFINITION OF OPERATIONAL TERMS

Industrial action: any action such as strike or go slow taken by employees in industry to protest against work conditions, redundancies etc.

Employee: A person working for another person or a business firm for pay

Employer: A person or a business who employs one or more people for wages or pay

Industrial relations: A study of employment relationships.

Trade unions: A labour union including all workers in an industry or of the same trade.

Parastatal: A state owned organisation

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Industrial action can take a number of forms. It can include strikes, stoppages of work, work bans, lock-outs and the performance of work by an employee in a manner different from that in which it is customarily performed. Strikes became important during the industrial revolution especially in mines and factories where labour was sought after in masses. Industrial action is generally unlawful and prohibited unless it is protected industrial action. Employees who engage in industrial action which is not protected under the Fair Work Act can be exposed to penalties and disciplinary action (Hardy & Howe, 2009).

In public employment, there has been an increasing resort to strikes in all parts of the nation by employees in the public sector. The strike fever is contagious, and who's numerous demands and multiplying disputes often than not leave the government hesitant, defensive, and distracted from the unresolved problems of the economic crisis. The basic question and great challenge is how to prevent strikes that imperil the public interest while still providing millions of public employees with the opportunity to participate in the process of determining the conditions of their work, an opportunity not only guaranteed to employees in the private sector but also accepted as socially beneficial. The new Constitution also guarantees the right to bargain collectively, but it is not clear whether this right can be enjoyed by all employees in the public sector. With regard to the right to strike, a long dispute resolution procedure must be exhausted before a lawful strike can be called. A strike must also concern the terms and conditions of employment or the recognition of a trade union, and sympathy strikes are prohibited (International Trade Union Confederation, 2011). Despite the existence of these trade unions, the strikes in Kenya are increasing at an increasing rate. Societies under collective bargaining have continuously walked out of negotiations whose result ensued in numerous working days lost during these strikes, strikes whose occurrence would have been averted had the industrial court intervened in time.

Some countries exclude the effects of disputes in specific industrial sectors. Thus in France, Portugal and Belgium, public-sector strikes were omitted resulting in increased unreliability

of the official statistics as an indicator of strike trends, given the growing importance of public sector disputes in recent years (Bean, 1994).

In China, Barboza and Bradsher (2010) states that wages were merely rising to make up for lost ground due to wage freezes, and China's inflationary monetary environment at the time which was at an average of 3.17% made regular pay rises a necessity for workers concerned with maintaining a high quality of life. The Chinese government sought balance on the issue; while it had recently repeatedly called for increased domestic consumption through wage increases and regulations, it was also aware that labour unrest could cause political instability. China also considered taking policy steps to double average wages over the five years from 2011, and several Chinese provinces raised the legal minimum wage. State media also stated that higher wages would help boost domestic consumption and help move China away from a reliance on exports for growth towards an economy more driven by domestic consumption.

According to Gall (1998), Britain, France, Ireland and Italy were the countries in the western Europe which noted a sharp reduction in the past decade in strike activity, countries which had previously held high strike records. During the post-Bretton Woods period, in an attempt to stabilize inflation and stop large exchange-rate fluctuations, most of the founding members of the Euro area adopted target-zone type inflation stabilization policies and target-zone type exchange rate policy as early as the arrangement of European "currency snake" in 1972 or since the formation of the European Monetary System (EMS) in 1979.

In a study by Blejer 1981, Chile provided an example of a situation in which labour unrest had been very much influenced by the inflationary environment within which collective bargaining had to take place. Labour unrest was seen to both affect and affected by the process of wage inflation and the existence of simultaneity between the incidence of strikes and the wage formation process cannot be ignored. He concluded that the large amount of strike activity in the 1970s reflected a temporary reaction to high inflation rates, rather than an intrinsic breakdown in labour-management relations (Kaufman, 1994). The government imposed prohibitions on strikes, collective labour conflicts and union political activity and claimed that any gains achieved through collective bargaining would be transitory due to inflationary pressures that they would generate (Blum, 1981).

Cohen et al 2008 in the article 'South African miners are trapped in debt' showed that banks offering unsecured loans charged high interests as high as 80% a year and this led to the upsurge of industrial action in South Africa.

Education guarantees that the labour demand is constantly supplied with qualified personnel. Higher industry employment reduces the probability of strikes. This is because the number of jobs is usually more than the available qualified workforce. When economic policies are directed towards the creation of full employment and the maximizing of economic growth, the relative bargaining power of the employer is weakened but that of the employee is strengthened. This makes the employee feel that the employer must bend to all his requirements failure to which the employer will be left with vacancies that he cannot fill. According to Birech(2010), when Government economic policies reduce inflation by lowering household and corporate spending and public expenditure, then the result is that the demand for labour will fall as the spending power in the economy falls. This is because they have an impact on the relative balance of bargaining power between the buyers and sellers of labor services and thereby the rules and regulations that govern employment conditions. For example , in a period of high inflation, high levels of taxation and high interest rates, the stability of business is threatened (Birech, 2010). This can lead to higher levels of unemployment and a consequent reduction in employment conditions or redundancies and layoffs. In the Finnish economy, the reasons for regarding a high level of employment as necessary included a desire for internal piece in the society and to limit large scale emigration to Finland's wealthier neighbor, Sweden (Blum, 1981).

Card (1990) showed that there is need for caution when interpreting the systematic effects of unemployment as despite all individuals being employed, when the economic climate becomes less favorable, it will still have an impact on the relative balance of bargaining power. This is often taken as evidence in favour of the joint-cost hypothesis, on the assumption that higher unemployment reduces the earnings opportunities of striking workers. But, the joint-cost hypothesis also predicts a relation between dispute rates and the state of firm or industry-specific product demand. It could also be stated that external labour market conditions affect the union's ability to withhold labour services thus the government's economic and legal policies have major implications for the outcome of industrial relations behavior.

1.2 Problem statement

Industrial relations, if not well practised, could lead to negative impact on the organisation depicted in the occurrence of employee organised strikes. The year 2012 experienced a tremendous rise in the number of strikes in Kenya. Onginjo (2012) states that there has been an increase in strikes in Kenya by civil servants mostly owed to salary related issues. For example the Kenya airports authority, Kenya national union of teachers, medical practitioners held strikes across the nation in the months of April, September and October consecutively. A recent occurrence was on 12 March 2014 by university lectures seeking re-allocation of funds that the said university management used for other development issues. This has gone to show that there exists a gap in industrial relations in parastatals in Kenya despite the major growth that industrial relations has seen in the last decade. One of the major unmet challenges faced is how to prevent strikes by public employees without denying them the right to organize and bargain collectively. Public employment grows in significance each day as governments at every level undertake new programs to supply additional services for the public good. In spite of the existence of trade unions and human resource departments collective bargaining as proposed by the new constitution is yet to be effective in the prevention of strikes. The negotiations between the congress of South African trade unions and the African national congress in December 2012 concerned a dispute over the relaxation of labour laws, government policies on taxation, interest rates and exchange rates. The introduction of these measures would contain the rise in real wages, and prevent the current seasonal cycle of yearly strikes. The outcome of this conference showed a need to overhaul the collective bargain and support from the state as development keys towards economic transformation (Besseling, 2011).Mechanisms therefore need to be put in place to safeguard the country from perpetual strikes

1.3 Objectives of the study

1.3.1 General objectives

The general objective of this study was to investigate the effects of socio economic factors on industrial actions in parastatals in Kenya.

1.3.2 Specific objectives

The specific objectives were:

- i. To determine the effect of education on industrial action in parastatals in Kenya.
- ii. To analyze the influence of inflation on industrial action in parastatals in Kenya.
- iii. To assess the extent to which interest rates affect industrial action in parastatals in Kenya
- iv. To examine the effect of taxation on industrial action in parastatals in Kenya.

1.4 Research questions

The study sought to answer the following questions:

- i. How does education affect industrial action in parastatals in Kenya?
- ii. How does inflation influence industrial action in parastatals in Kenya?
- iii. How do interest rates affect industrial action in parastatals in Kenya?
- iv. What is the effect of taxation on industrial action in parastatals in Kenya?

1.5 Significance of the study

This study was aimed at contributing towards scholarly material on ways of reducing the number of industrial action to a minimal occurrence and possibly save Kenya from becoming a “striking” nation. Brain drain will cease to be a development issue for the government as proper incentive systems facilitate the retention of workforce even in low income countries. This will enable the government to focus on other development issues. It will also benefit the Kenyan workforce as they are able to be more productive and help the nation grow.

1.6 Assumptions of the study

The major assumptions were:

That all the responses given in the questionnaires will be based on the truth and the finances will be able to cover the research costs throughout the research period.

1.7 Scope of the study

The study project focused on selected economic factors and their effect on industrial action in parastatals in Kenya. There are almost 150 parastatals in Kenya as quoted in www.parastatalnewskenya.com. The study drew its respondents from 10 parastatals which might have experienced industrial action in the last 10 years. These parastatals were: Kenya power and lighting company, Kenyatta University, Nairobi University, Egerton University, Kenya airports authority, Kenya ports authority, Coast water services board, Kenya ferry services, Coast general hospital. The study targeted top level officials, employee relations managers and support staff.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will discuss the industrial relations theories that are in existence and their take on industrial action. It will also discuss the empirical review and conclude with the conceptual frame work.

2.2 Theoretical review

Industrial relations is the study of the regulation of the employment relationship between employer and employee, both collectively and individually, and the determination of substantive and procedural issues at industrial, organisational and workplace levels (Rose, 2008). Kaufman (2010), views industrial relations as the process of rule making for the workplace, while Edwards (2005) views industrial relations as structured antagonism. According to Hyman(1995), industrial relations is the social regulation of market forces Caire (1996 as cited in Kaufman 2010) sees industrial relations as the process of capitalist production and accumulation and the derived political and social class relations. The conflict of interests and pluralist governance of the workplace gives the definition of industrial relations according to Kochan (1998), class mobilization and social justice (Kelly, 1998); the advancement of efficiency, equity, and voice in the employment relationship (Budd, 2004).

Attempts that individuals have developed in order to achieve logical consistent ways of understanding and explaining social behaviour and real life activities can be otherwise considered as industrial relation theories. Unitary, pluralistic, Marxist and social action are the major theories of industrial relations (Salamon, 2000)

Green (1994) classifies industrial relations theory as follows: Unitary theory, conflict theory, the Marxist theory and pluralist perspectives; systems approach and the contrasting social action perspective. This study will discuss unitary, pluralistic, Marxist theories and their contribution to industrial action.

2.2.1 Unitary theory

The main elements of unitary theory are that there is only a single source of authority that is management. The role of organisational leaders is to promote loyalty and commitment among workers (Farnham 2000). Organisations are seen as consisting of teams that are working together for mutual goals, and there are also no conflicts of interests between managers and employees. The unitary theory believes that employers and employees can join forces for common objectives, interests, and values and that the management should exemplify strong leadership to attain organisational objectives. Trade unions are seen as a cause of industrial conflict thus not essential for the harmonious managing of conflicts. Conflicts in the organisation are hence perceived as dysfunctional and often leading to disloyalty, and as a consequence impair the well-being of the organisation (cooper et al. 2011). The state is seen as a paramount contributor in the formulation of industrial relation systems.

A major strength of the unitary theory is that it primarily wants to integrate employer and employee interests in order to enhance employee commitment and loyalty (Guest and Peccei, 2001). Unitary theory can be used as a basis for stakeholder management, wherein employees are seen as important stakeholders of the organisation, and so their well-being is carefully considered in ensuring the welfare of the organisation (Ackers and Payne, 1998).

The unitary theory also emphasizes the role of managers in attaining win-win situations for employees and organisations, wherein their interests can be properly aligned with each other. Managers are encouraged to go beyond their managerial styles of managing employee relations and emphasise also their leadership capabilities (Ackers and Payne 1998). If they can be convincing and influential leaders in the organisation, there will be no strong demand for trade unions. When governments are formulation policies in regards to taxation, interest rates and inflation, they should keep in mind the effects of these policies on the employee.

According to Giles (1989), the unitary theory assumes that all stakeholders are rational members, who will consider finding common interests. This belief provides a steady rationale for stressing common goals, so that a stable industrial relations system can be achieved. The unitary theory is also essentially individualist in its industrial relation approach. Many industrial relations systems all over the world have shifted from the collectivist (trade-union-led) industrial relations paradigms to individualist paradigms. For example, Central bank can lend money to financial institutions to influence their interest rates as the main tool of monetary policy. Usually central bank interest rates are lower than commercial interest rates since banks borrow money from the central bank then lend the money at a higher rate to

generate most of their profit. By altering interest rates, the government institution is able to affect the interest rates faced by everyone who wants to borrow money for economic investment. Investment can change rapidly in response to changes in interest rates and the total output.

2.2.2 Pluralist theory

Pluralist theory believes that the workplace is composed of diverse sets of beliefs, values, attitudes, and behaviours (Giles, 1989). According to Farnham (1993), there are opposing sources of leadership and attachment in organisations. Conflict can be helpful if identified and controlled within institutional responses. Mediating among competing interests is the specific role of management. Conflicts are inevitable because there are inherent competing interests (Dzimbiri, 2008). Leat (2001) sees trade unions as legitimate representatives of employees, with an additional role of helping employees emphasise their decision-making power. The state promotes public interest and industrial relation stability can be attained through a series of concessions and negotiations between managers and employers through the collective bargaining process (Kaufman 2008).

The pluralist theory emphasises that effective industrial relation interventions can resolve conflicts (Dzimbiri, 2008). A consultative approach can be used by the management in responding to conflicts. Furthermore, it also considers other alternative decision-making processes. Conflict is accepted but managed effectively through stakeholder participation (Hunter, 1998). Conflict can then be used to understand underlying tensions, so that they can be identified and properly addressed. The pluralist theory makes use of conflict management strategies to engage groups that are in conflict, so that resolutions can be discussed and implemented (Kessler and Purcell, 2003).

This theory also embraces a wider array of industrial relations policies (Gennard and Judge, 2002). Some companies can adopt no-union policies, as long as there are employee organisations, while other companies can motivate the use of trade unions. The berth of employee relations policies can make pluralism specifically beneficial for diverse organisational and national cultures (Gennard and Judge, 2002). Trade unions can therefore be effective allies in aligning individual and organisational interests compared to the unitary approach to industrial relations. The pluralist theory is also suitable for collective industrial

relation systems, because it does not disregard the role of trade unions in managing employee-employer conflicts (Badigannavar and Kelly 2005). Ideological pluralism was characteristic in trade union movement in France since the 1920s. Public sector employees had the right to strike but not the right to collective bargaining. This made strikes frequent but of shorter duration (Blum 1981).

2.2.3 Marxist Theory

It proposes that industrial conflict is noted in the economic structures of a capitalistic society. Industrial conflict between employer and employee, management and union is merely a reflection of those buying labour in the market place and those selling it (Farnham 2000). It arises out of economic contraindications within the capitalistic mode of production. It is therefore the function of the trade union to uphold and protect the class interests of working people through direct and indirect action. Marxism is a general theory of society and of social change with implications for the analysis of industrial relations within capitalist societies and does not strictly explain the theory of industrial relations.

Hyman (1995) defines industrial relations as the study of the processes of control over work relation processes, especially those involving collective worker organisation and he also argues that unceasing power struggle for control is a central feature of industrial relations as it is in the nature and characteristics of a capitalist society to struggle for control. He offers a summary of the major characteristics of capitalism as the ownership and or control of the means of production by a small minority, the domination of profit as the fundamental determinant of economic activities, and the obligation on most of society to sell their productive abilities on the market as a commodity. He further stresses that the interests of employers and employees are diametrically opposed and conflicting in nature as capitalist endeavours to purchase labour at the lowest possible price whilst labour on the other hand tries to sell his only asset at the highest possible price in order to ensure his existence. The capitalists tend to maximise profit whilst the workers tend to maximise wages/salaries. Thus, in capitalist industrial society, the interests and aspirations of both labour and employers are divergent and in conflict. The Marxist perspectives typify workplace relations as a reflection of the incidence of societal inequalities and the inevitable expression of this at the work place. Hyman further states that industrial relations is all about power, interests and conflict and that the economic society inevitably shape the character of relations among industrial

relations actors which he described as the political economy of industrial relations. Conflict is viewed as a disorder precursor to change and to resolve conflict means to change the imbalance and inequalities in society in terms of power and wealth. This industrial relation system did not however work for the Chilean government in the 1970s as it was seen to gravely threaten the existence of a defenceless democracy due to its idealist application of liberalism (Blum, 1981). The Maoist application of Marxism showed continuing conflicts in the interest of the workers in respect to the state (Blum, 1981)

2.3 Critical review of theories

The unitary theory doesn't realise that there are power inequalities between employers and employees which will generate diverse kinds of conflicts. Managers often exert greater power over their employees in determining work conditions, especially for blue-collar jobs, and instead of the workers acting as owners of power too, they will tend to accept decisions of the management and submit to the former's power. Furthermore, conflict is treated too negatively, and not seen as a force that reflects inequalities and which can be used as opportunities to regain work harmony (Dzimbi2008). There are certain kinds of conflicts that are good for organisational development. Task conflict, for example, arises when team members have disparities in how tasks are defined and divided among the group, such as major decision areas and processes (Chuang et al. 2004). Studies showed that task conflict can improve positive outcomes for the group (Chuang et al. 2004). Simons and Peterson (2000) asserted from their study that intragroup trust affected the relationship between task-related conflict and relationship conflict (cited in Chuang et al. 2004). Hence, by 'demonising' conflict, the unitary perspective delimits how task conflicts can also be used to enhance performance. In addition, it is unclear how individual worker sentiments can be adequately integrated into the organisational objectives, because the unitary perspective is very normative and lacks description of how common interests can be identified and shared across organisations (Ackers and Payne 1998). Storey (2000) argues that the unitary theory does not provide any guidelines for human resources in pursuing unitarism effectively as it assumes that members are rational enough to reach solid decisions on how personal and organisational interests are to be combined.

The weakness of the pluralist theory is the inclination to dwell on rules and procedures and disregard the processes that also contribute to the resolution of conflicts. For example,

through industrial relations, laws can be made that impose certain ways of resolving workplace conflicts, however, these rules cannot adapt to emerging and different workplace conditions (Gennard, and Judge 2002). In addition, the pluralist theory is incapable of realising that the state also represents commercial interests and not just public interests. It may also focus too much on worker interest, which can lead to the inefficiencies of collective bargaining processes.

Marxist theory emphasises exploitation and alienation. This perspective is critical of capitalist society and its system of production, distribution and exchange and emphasises the importance of collective action including strike action and action short of strikes (Rose, 2008). Hyman (1995) argues that given the nature of capitalist society, industrial relations can be analysed from a more radical perspective. What this implies is that industrial relations argue for the maintenance of stability and regularity in industry

2.4 Empirical review

2.4.1 Effect of education on industrial action

The level of employee education in Kenya has risen in the past few years with a large percentage of the population having attended at least secondary school education (Birech, 2010). Employees are now aware of their rights. The challenge of the employers is to ensure they comply with the company law, against which they risk being sued by their employees if their needs are not met. For example women are now aware of the new employment act that allows them to be paid maternity leave of 3 months without forfeiting their leave. The government revision of the retirement age from 55 to 60 years has increased the retention rates of older employees creating an imbalance in the work demand. Education also increases the unemployment rate. According to Sahin and Willis (2011), employment and population patterns suggest that weak demand rather than a mismatch of workers and jobs is the primary explanation for the sluggish recovery. While highly educated workers have experienced the largest job gains, the demand for these workers has not kept pace with the growing population of highly educated workers for example the number of doctors does not match the demand for doctors in the Kenyan market thus this gives the doctors bargaining power and increase in industrial action. Owoye (2001) in his study indicated that the existence of surplus labour would weaken the bargaining power and the ability of labour unions to engage in

strikes under voluntary collective bargaining. The government should move toward encouraging its citizens to be creators of jobs and not job seekers.

2.4.2 Effect of taxation on industrial action

Governments in both developed and developing countries collect taxes to fund public services. Marina et al. (2002) argue that, “taxation is the only known practical manner for collecting resources in order to finance public expenditure for goods and services consumed by any citizenry”. Governments provide a variety of services to their citizens, including education, health care, water, security, roads, and social security from taxes and other sources of revenue. Consequently, taxes are compulsory payments that do not necessarily bear any relationship to the benefits of government goods and services received (Hyman, 1990).

Mutua (2012) argues that one of the reasons why employees pay taxes is because one person cannot afford to fully pay for a service they use and thus it is the responsibility of governments to collect taxes in order to fund public goods and services for the benefit of the citizens. Furthermore no direct and immediate service be it healthcare, education is received by the employee. He further states that direct taxes such as Pay as you earn, corporate income tax are worked out as a percentage of income or assets which can be paid personally by taxpayers or by the employer through the agency mandated to collect taxes on behalf of the Treasury while indirect taxes such as Value Added Tax, excise duty are borne by the end user of consumer goods and services. He also states that before 1983, Kenya personal income schedule was divided into eight tax brackets and high marginal rates ranging between 10% and 65% which were rationalised in the post reforms period by reducing the number of brackets and lowering the marginal tax rate to 30% from the previous 65%. He however argues that the current marginal tax rate of 30% for tax band of over Ksh. 38,892 per month is a low progressivity tax system and he deemed it unfair to charge someone earning over Ksh. 1,000,000 per month at the same rates of 30% marginal tax rate with someone earning Ksh. 38,892. He therefore proposed for the review and upwards increase of the top marginal tax and be accompanied by the adjustment of these tax band for inflation in order to portray improved and true progressivity. In his example of a salary of ksh10,164 (tax bracket 0-10,164) being taxed at a rate of 10% per month and based on the assumption that his salary grows at the same rate as the prevailing rate of inflation means that the person may find themselves paying income tax at a higher rate because the rise in salary may push them partly

or fully into the second bracket of Ksh.10, 164 -19,740 to pay tax at a rate of 15% or even to the third bracket, giving an illusion that they are richer and hence paying at a higher rate yet in real terms they are not. This whole phenomenon is referred to as “bracket creep” and is often addressed by indexing or adjusting tax brackets for inflation so that if salaries rise at the same rate as inflation, then the person still pays their income tax at the same marginal tax rate, which is the level of tax threshold that reduces the tax burdens of the poor (Kenya revenue authority, 2007). The progressive income tax was criticized as being excessive and the Finnish state agreed to adjust the tax reduction rates and regulate them through legislation (Blum, 1981).

2.4.3 Influence of inflation on industrial action.

In economics, inflation is a sustained increase in the general price level of goods and services in an economy over a period of time. Inflation reflects a reduction in the purchasing power per unit of money (a loss of real value in the medium of exchange and unit of account within the economy) seen when the each unit of currency buys fewer and fewer goods and services. Price inflation can be measured by the inflation rate which is given by the annualised percentage change in a general price index over time. Inflation's effects on an economy can be negative seen in the increase in the opportunity cost of holding money, uncertainty over future inflation which may discourage investment and savings, and if inflation were rapid enough, shortages of goods as consumers begin hoarding out of concern that prices will increase in the future. Positive effects include ensuring that central banks can adjust real interest rates in order to mitigate recessions, and encouraging investment in non-monetary capital projects.



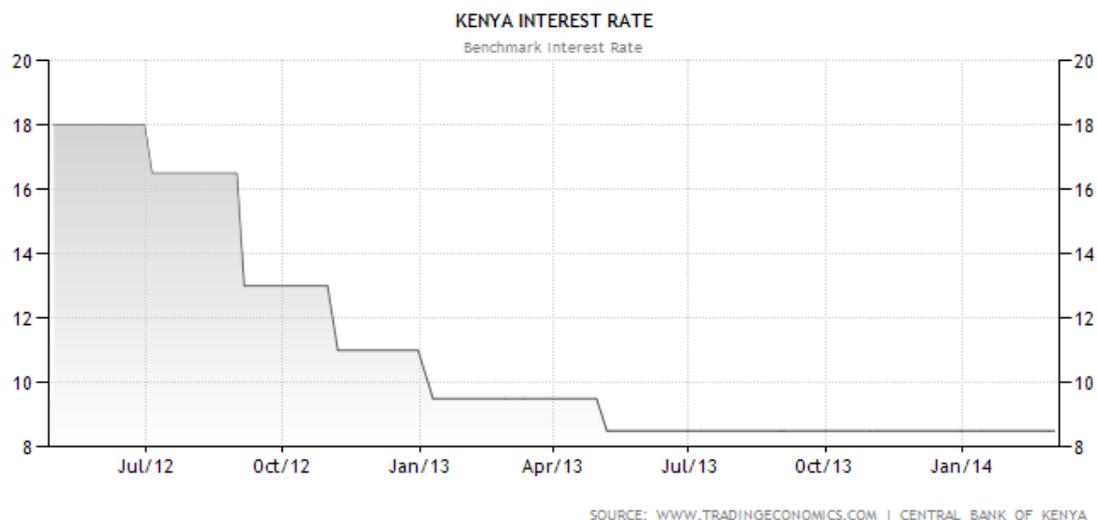
There has been a steady increase in the inflation rate (around 18% in Feb and rose to 30% by end June 2008) which has in turn resulted in an increase in the cost of living in the country. The number of people who are living below the poverty line are said to be on the rise with many families living on less than a dollar per day (Kenya bureau of statistics, 2014). Therefore, Employers who are unable to proof salaries of employees against inflation experience the challenge of strikes, go-slows from employees who are demanding pay rise that will help them deal with the new level of increased spending.

According to Owoye (2001) in his study “income policies, inflation and strikes in Nigeria”, showed that strike activity in Nigeria was significantly influenced by inflation. This implied that workers worry about the purchasing power of their wages during inflationary periods and would engage in strike activity to demand wage increase that would enable them keep up with inflation in order to maintain their standard of living.

2.4.4 The effect of interest rates on industrial action

Inflation and interest rates are linked, and frequently referenced in macroeconomics. In the United States, interest rates – the amount of interest paid by a borrower to a lender – are set by the Federal Reserve. According to Folger (2012), when interest rates are lowered, more people are able to borrow more money and as a result consumers have more money to spend, causing the economy to grow and inflation to increase. He however states that less spending slows the economy and decreases inflation. H further states that the federal Reserve attempts to achieve maximum employment, stable prices and stable economic growth by adjusting the interest rates upwards or downwards

Interest rates are the main determinant of investment on a macroeconomic scale. The current thought is that if interest rates increase across the board, then investment decreases, causing a fall in national income. However higher rates encourage more saving and thus more investment and thus more jobs to increase production to increase profits. Higher rates also discourage economically unproductive lending such as consumer credit and mortgage lending. Also consumer credit tends to be used by consumers to buy imported products whereas business loans tend to be domestic and lead to more domestic job creation and/or capital investment in machinery in order to increase production to earn more profit (Austrian School of Economics , 2004)

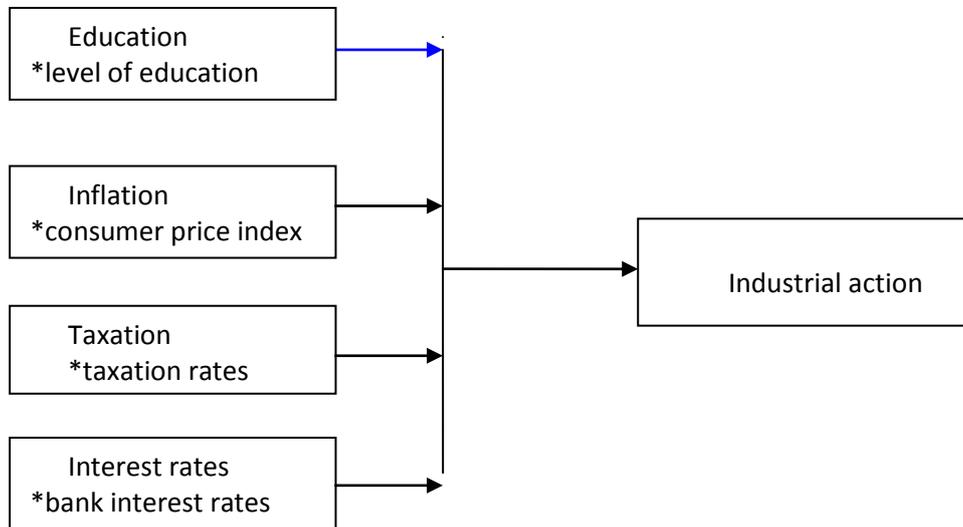


Industrial action was at its highest in 2012 in Kenya when the interest rates of banks were at an average high of 18%.

2.5 CONCEPTUAL FRAMEWORK

Independent Variables

Dependent Variable



Source: Author

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter will look at the research design, the sampling technique, the sample design, the data gathering instrument, the target population and the method of data analysis and data presentation that were implemented in collecting data for the study.

3.2 Research Design

The plan and structure in which the study was carried out was descriptive design. This is because of its appropriateness in giving accurate account of the characteristics of a particular phenomenon, situation, community or person. The descriptive research design was undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation. This design was aimed at collecting data on current conditions or situation (Kothari, 2004)

3.3 Target population

This study targeted the population working in public service institutions. The study focused on the effects of economic factors on industrial action in parastatals in Kenya. The parastatals are 150 in number (www.parastatalnewskenya.com). The study purposefully drew its respondents from 10 parastatals which may have experienced industrial action in the last ten years namely Kenya power and lighting company, Postal corporation of Kenya, Kenyatta university, Nairobi university, Egerton University, Kenya airports authority, Kenya ports authority, Coast general hospital, Kenya ferry services limited, Coast water Services board. The study targeted 2 senior management officials, 3 middle management officials and 5 support staff from each parastatal bringing the total population to 100 employees

3.4 Sampling design

The researcher used stratified random sampling to acquire the number of employees needed in each organisation. A sample of 10 respondents: 2 senior management officials, 3 middle management officials and 5 support staff was drawn from each parastatal to make the target population size to be 100. In finding out the amount of precision in a usability test the 20/20 rule was used. A sample size of 20 gives a margin of error of around 20%. To cut the margin of error in half a quadruple of the sample size is needed. A margin of error of 10% would

require around 80 users (Sauro, 2009). The study sample of the respondents was randomly contacted by email, post or drop and pick. The researcher used this method because the respondent from the target population come from different organizations.

3.5 Data collection tools and instruments

Primary data was collected by use of questionnaires because they reduce bias in that the researcher's own opinions did not influence the respondent to answer questions in a certain manner. Secondary data was also used and this was drawn from literature.

3.5.1 Questionnaires

Structured questionnaires were distributed to the respondents with both open and close ended questions. The open ended questions enabled the respondents to say as much as they could on the subject while close ended questions ensured that the respondents maintained the relevant response to the objectives of the study

3.5.2 Interviews

Face to face interviews were also used because some of the support staff did not understand English easily. So to avoid miss-interpretation, the researcher interviewed them using Swahili language then translated their data in English. Unstructured observation forms were also used to observe the interviewee.

3.6 Data Validity and reliability

A pilot test of the questionnaire was done in Kenyatta University before actual data collection commenced. This pilot study revealed deficiencies in the design of the proposed study procedure and these were then addressed before time and resources were expended on large scale studies (Cochran & Cox, 1992). The pilot study showed that for data to be valid, a 33% response rate from each organisation was needed.

3.7 Data analysis

After the fieldwork, the researcher analyzed the questionnaires and the interview schedules using qualitative and quantitative methods. Quantitative data analysis used descriptive statistics such as mean, standard deviation and frequencies to analyze the data obtained. The likert scale was used as a measurement scale. Qualitative data analysis analyzed the data collected using explanations and this was based on the unstructured observations made by the researcher. Regression analysis was used to identify the relationship between the dependent variable and the independent variables and this was aided by the statistical package for the social sciences (SPSS)

3.8 Data presentation

The data collected from close-ended questionnaires was coded, given numerical values analyzed and presented using tables and data collected from open ended questionnaires was presented using graphics like charts

3.9 Ethical consideration

Respondents' informed consent was obtained before beginning of interviews. Respondents were asked to sign or thumbprint a consent form after comprehension of their voluntary participation. Where possible, consent was obtained from the human resource departments before the employees were asked to participate in the study.

CHAPTER FOUR

RESEARCH FINDINGS

4.1 Introduction

This chapter describes the analysis of data and followed by a discussion of the research findings. The findings relate to the research questions that guided the study. The first part involved descriptive statistics to establish: the demographic characteristic of the sample, their positions in their respective organizations and loan amortization, to assess the influence of these factors to industrial action in the said institutions. The second part involved assessing the impact of education, inflation, interest rates and taxation on industrial action.

4.2 Analysis of the response rates and descriptive statistics

Qualitative and quantitative data was collected by use of a questionnaire. The number of respondents who participated in this survey totalled to 59. This is 59% of the sample size. Descriptive analysis was carried out by using the Statistical Package for Social Scientists (SPSS version 16) software. This was essential in establishing the demographic profile of the sample. A total of 59 questionnaires were received and this represented 59% of the expected population. The reasons for the non respondents are undetermined.

Table 1 and Figure 1 below reveal that most of the respondents were either Lecturers (16%), messengers in their respective departments (15%) or Officers of the organization (13%). Some are Secretaries (11%) or assistants (10%). Those that engage in clerical duties made up 8% of the respondents while the rest were involved in the technical aspects of their organization's mandate (5%) or a engineers (3%).

Table 1: Descriptive statistics of the position of employment of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Clerk	5	8.5	10.0	10.0
Secretary	7	11.9	14.0	24.0
Assistant	6	10.2	12.0	36.0
Engineer	2	3.4	4.0	40.0
Technician	3	5.1	6.0	46.0
Officer	8	13.6	16.0	62.0
Messenger	9	15.3	18.0	80.0
Lecturer	10	16.9	20.0	100.0
Total	50	84.7	100.0	
Missing System	9	15.3		
Total	59	100.0		

(Source: Survey data, 2014)

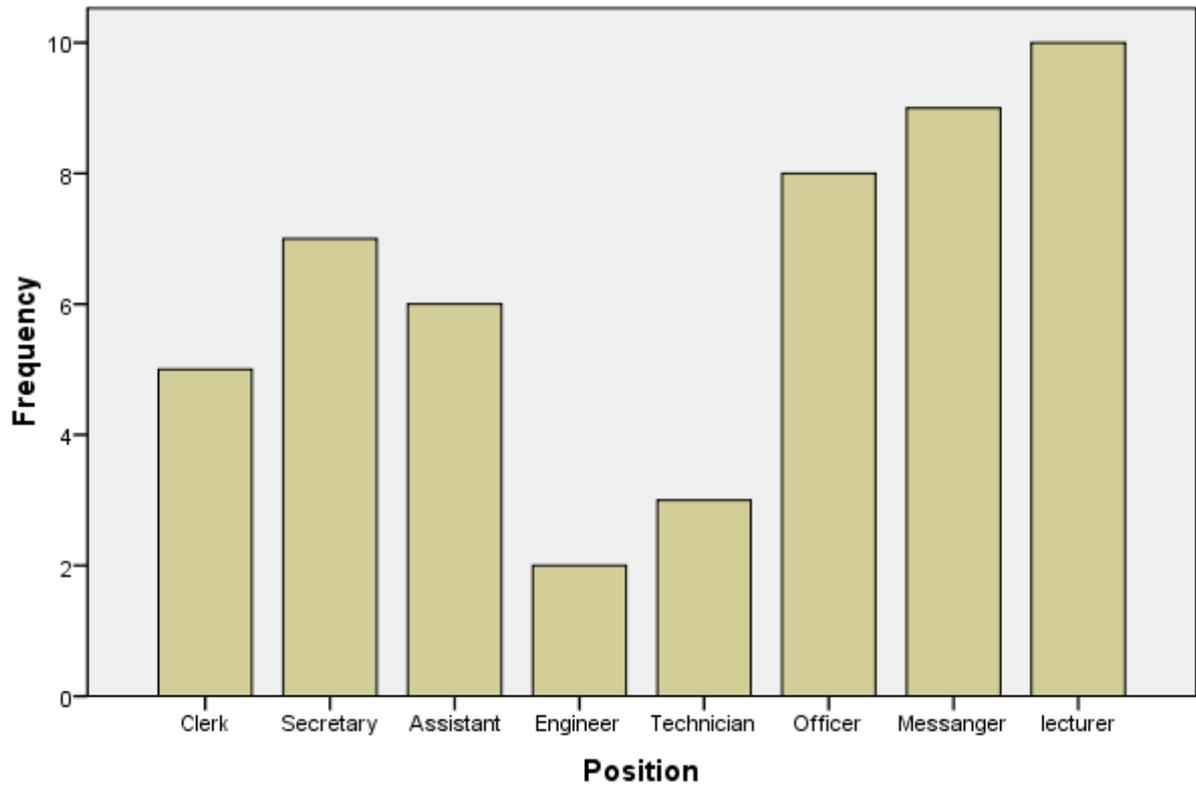


Figure 1: Frequency graph of positions of respondents in their respective organizations

(Source: Survey data, 2014)

In this study, the respondents were asked to give their educational level. Table 2 and Figure 2 give the educational level of the respondents.

Table 2: Frequency distribution of respondents' levels of education

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid High School	8	13.6	13.6	13.6
College	18	30.5	30.5	44.1
University	16	27.1	27.1	71.2
Post-Graduate	17	28.8	28.8	100.0
Total	59	100.0	100.0	

(Source: Survey data, 2014)

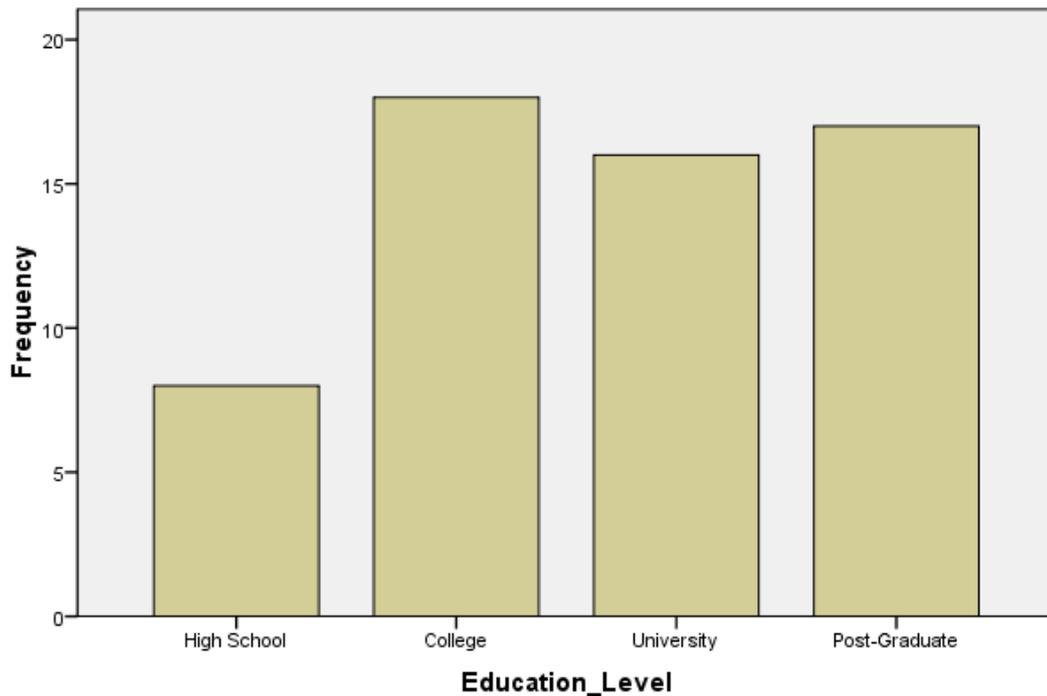


Figure 2: Frequency graph of education levels of respondents in their respective organizations
(Source: Survey data, 2014)

Most respondents had attained a college diploma (30%) followed by those with a post-graduate degree (28%). Undergraduates 27% and high school (13%) leavers had a lower representation in the work place.

4.3 Inferential analysis

4.3.1 Industrial action frequencies

For most of the institutions investigated industrial action was evident as it had occurred at least once (28%) or twice (20%). However in some institutions it had never occurred (18%) while in others it had happened more than thrice (16%) and thrice (13%) being the least frequent occurrence of industrial action.

Table 3: Frequency distribution of number of industrial action occurrences

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Once	17	28.8	29.3	29.3
Twice	12	20.3	20.7	50.0
Thrice	8	13.6	13.8	63.8
More than Thrice	10	16.9	17.2	81.0
None	11	18.6	19.0	100.0
Total	58	98.3	100.0	
Missing System	1	1.7		
Total	59	100.0		

(Source: Survey data, 2014)

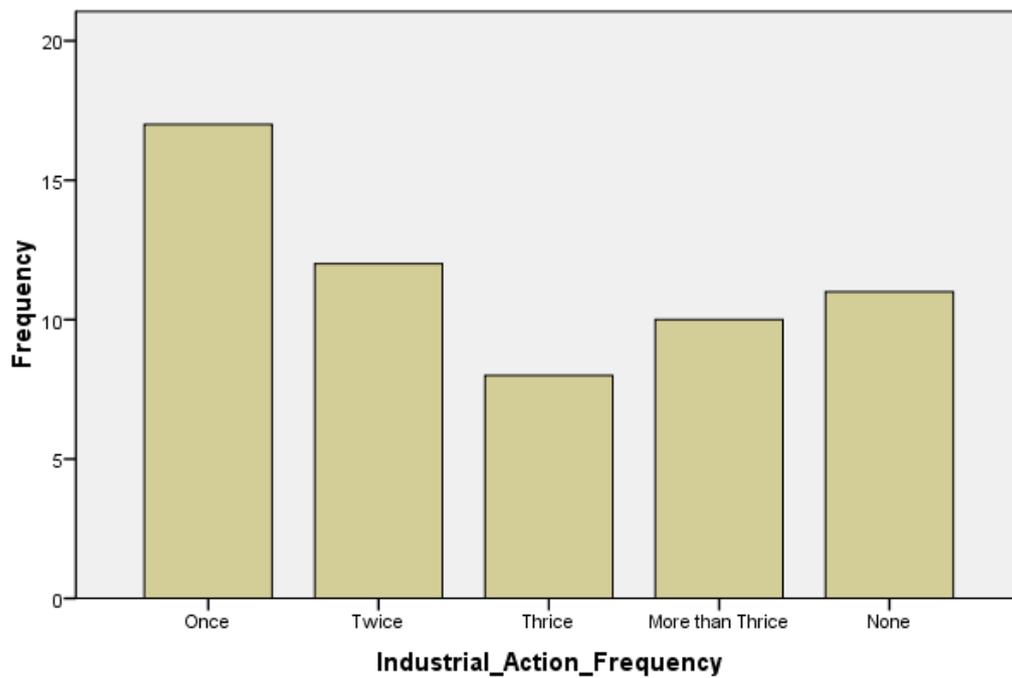


Figure 3: Frequency graph of industrial action occurrences in the organizations investigated

(Source: Survey data, 2014)

4.3.2 Interest rates

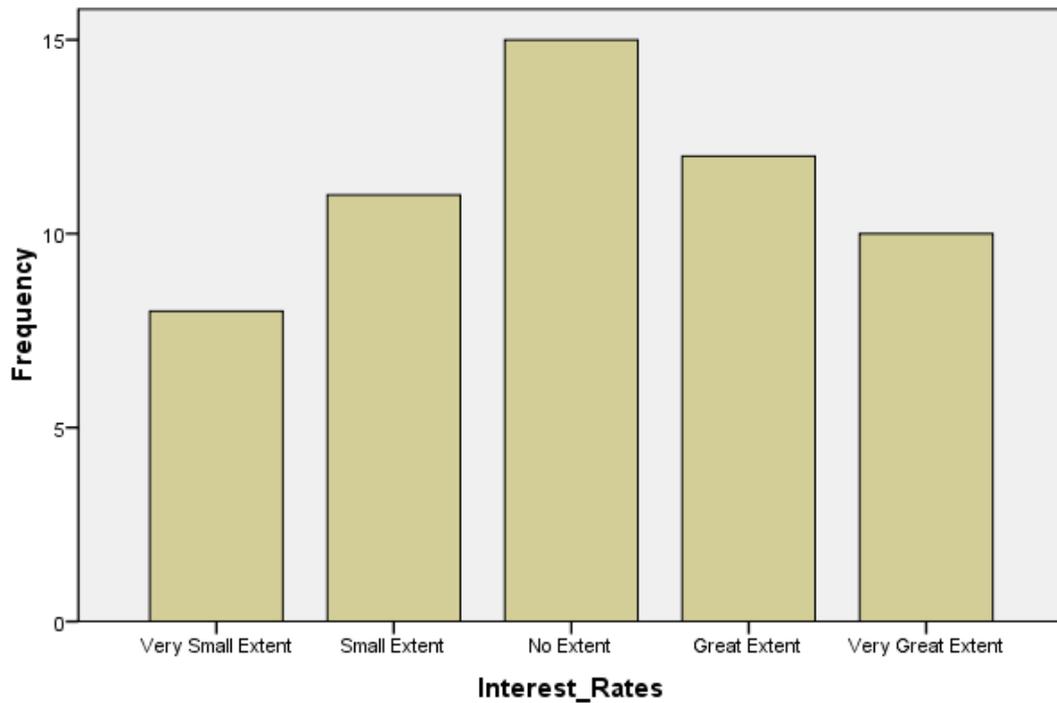


Figure 4: Frequency graph of influence of interest rates on respondents' decision to participate in industrial action.

(Source: Survey data, 2014)

The change in interest rates on loans acquired seemed to affect an employee's decision to participate in industrial action to no extent (15%). However it did so to a small extent (13%) and very great extent (12%) to others. To the rest a change in interest rates had a very great (9) or very small (8) influence on their decision to participate in industrial action.

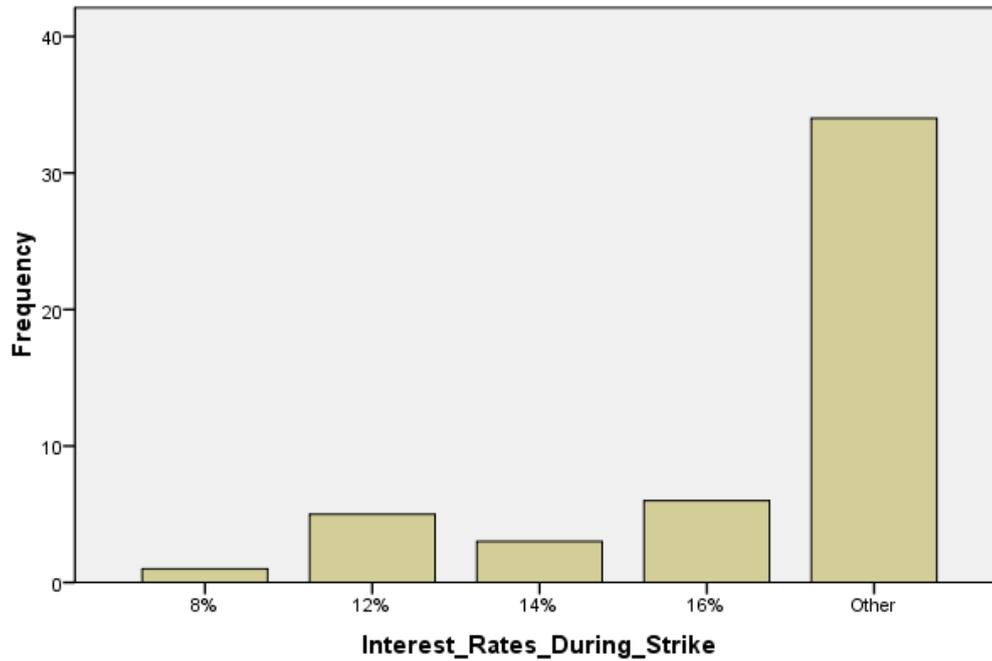


Figure 5: Interest rates charged on the respondents during strike period

(Source: Survey data, 2014.)

Most respondents had to pay a higher interest rate than 16% during the periods of industrial action (35) while very few (2) had to pay the lowest rate (8%). Hyman (1995) argues that given the nature of capitalist society, industrial relations can be analysed from a more radical perspective. What this implies is that industrial relations is all about the maintenance of stability and regularity in the industry.

Table 4: Frequency distribution of interest rates charged on respondents' loans

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	8%	4	6.8	7.3	7.3
	12%	11	18.6	20.0	27.3
	14%	5	8.5	9.1	36.4
	16%	6	10.2	10.9	47.3
	Other	29	49.2	52.7	100.0
	Total	55	93.2	100.0	
Missing System		4	6.8		
Total		59	100.0		

(Source: Survey data, 2014)

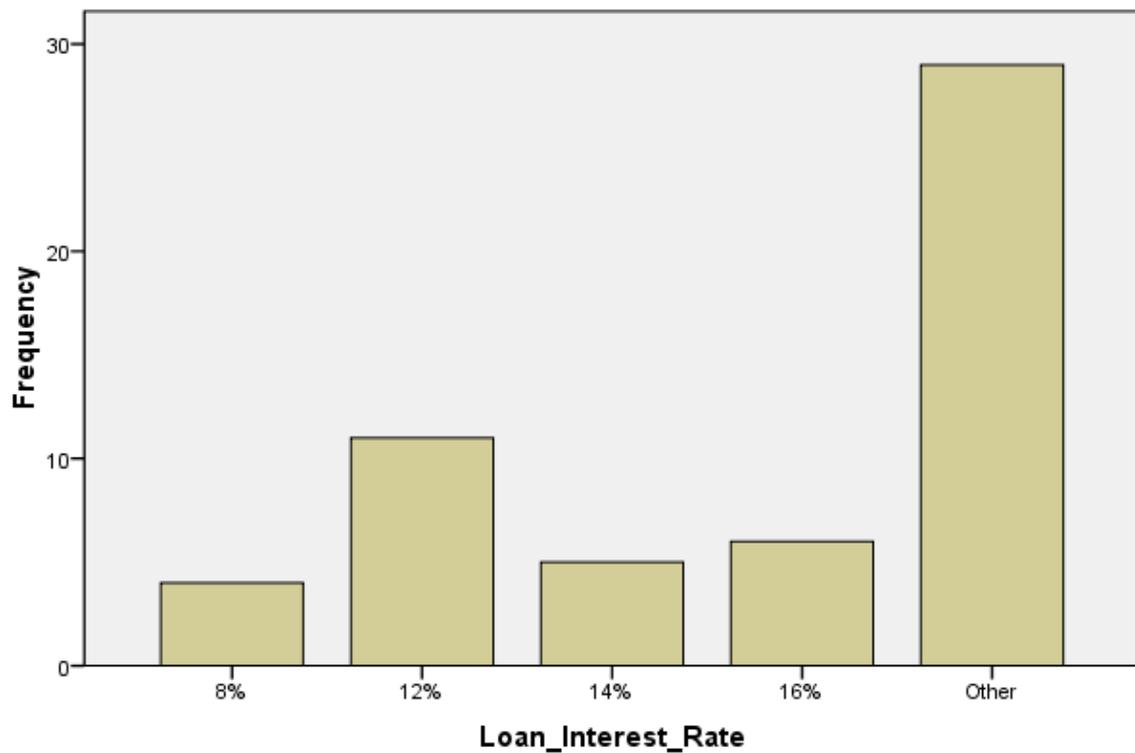


Figure 6: Frequency graph of loan rates charged on respondents for facilities acquired.

Most respondents (49%) indicated that they paid a higher interest rate than 16% which was charged on about 10% of the respondents and 12 % on 18% of the respondents. Only 6 % of the respondents were charged a rate of 8%.

4.3.3 Taxation

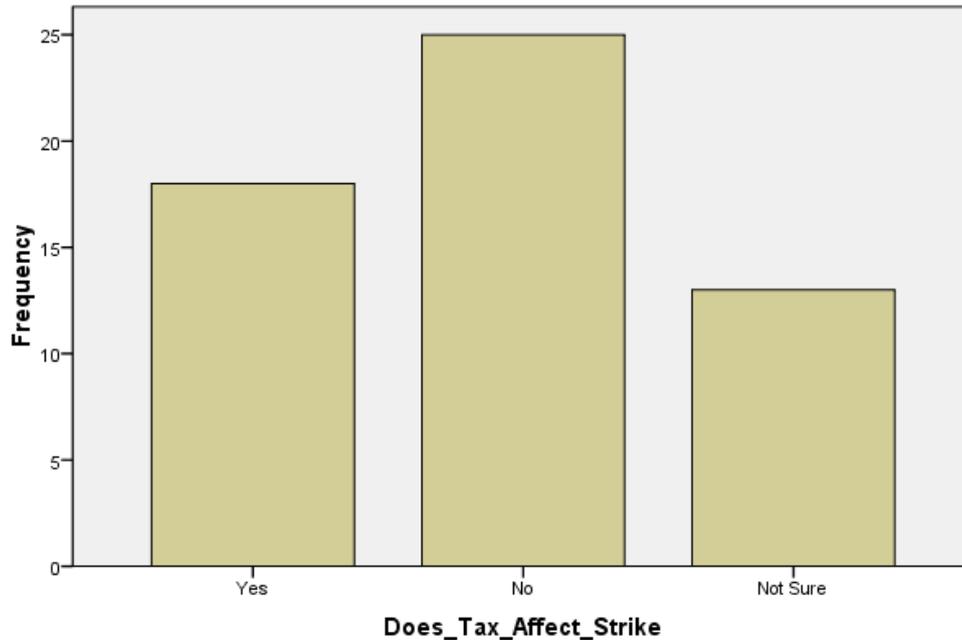


Figure 7: Respondents opinion on taxation effect on strike numbers

(Source: Survey data, 2014)

Most respondents (26%) showed that changes in tax policy did not affect the likely hood of occurrence of industrial action. Some (19%) still felt that change in tax policy might affect the occurrence of industrial action while the rest were not sure (13%).

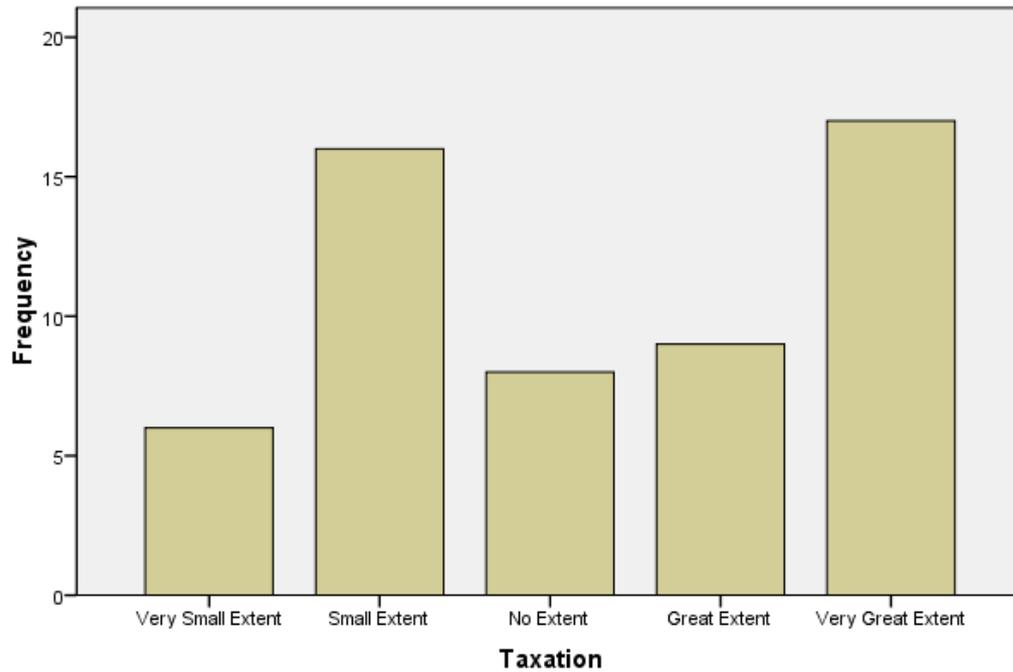


Figure 8: Frequency graph of influence of taxation on respondents’ decision to participate in industrial action.

(Source: Survey data, 2014)

Taxation affected the respondents’ decision to participate in industrial action to a very great extent (18) and a small extent (17). It however affected others to a great extent (9) and the rest to no extent at all (8) or very small extent (7). The progressive income tax was criticized as being excessive and the Finnish state agreed to adjust the tax reduction rates and regulate them through legislation (Blum, 1981).

4.3.4 Inflation

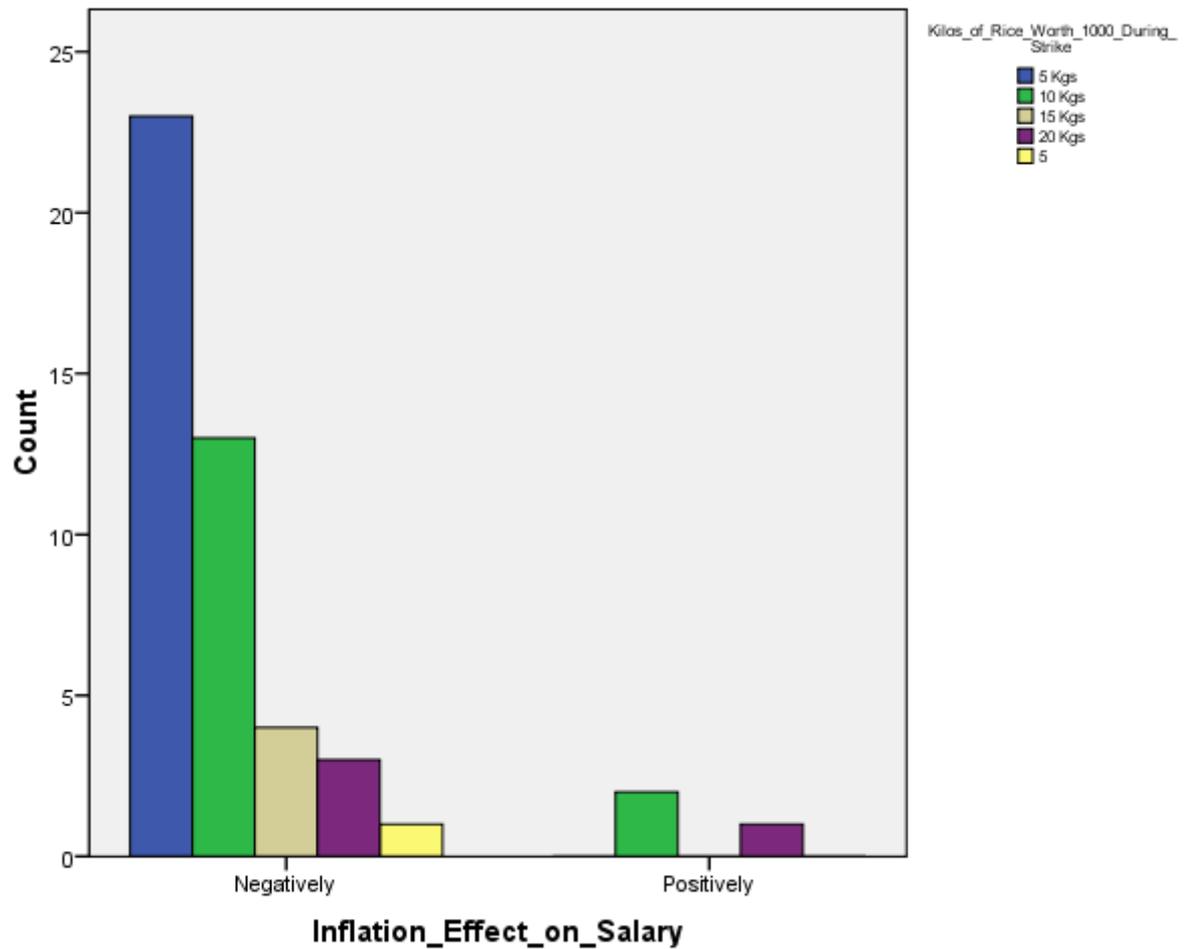


Figure 9: Graph of the inflation effect on salary and employee's purchase power

(Source: Survey data, 2014)

Of those respondents whose salaries were affected negatively by inflation (23%) they mostly could afford to buy 5 Kgs of rice with KES 1000, while those whose salaries are affected positively (5%) could manage to buy 10 Kgs of rice with KES 1,000. A study by Owoye (2001) showed that strike activity in Nigeria was influenced by inflation as workers worried about the purchasing power of their wages during inflationary periods.

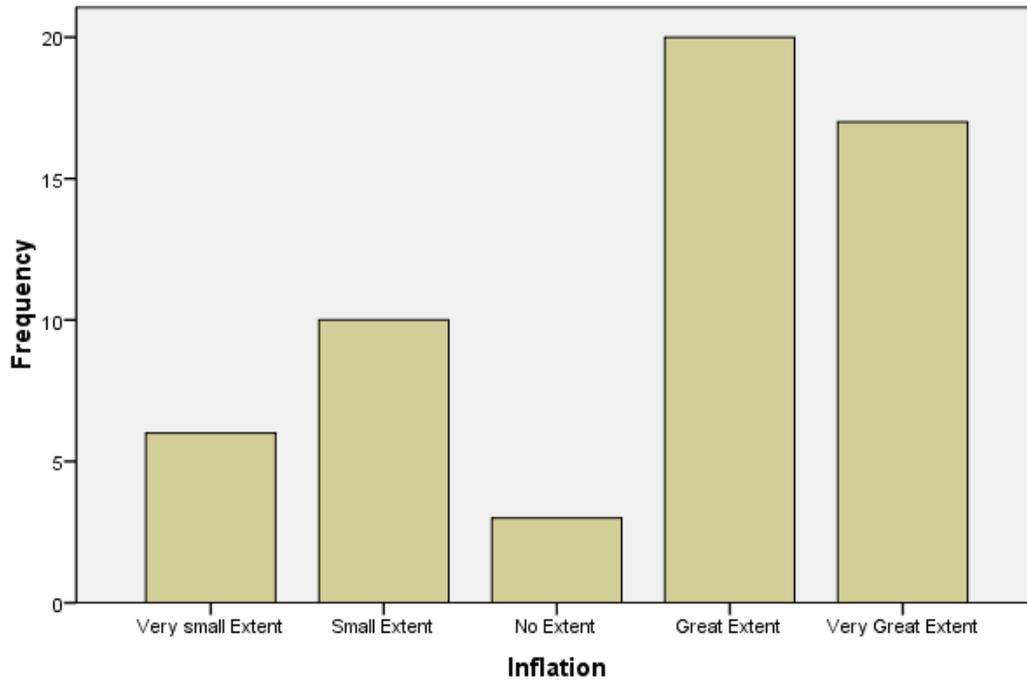


Figure 10: Frequency graph of influence of inflation on respondents' decision to participate in industrial action.

(Source: Survey data, 2014)

Most respondents (20) indicated that inflation affected their decision to participate in industrial action to a great extent. To some it did so to a very great extent (18) while the rest had their decision to participate in industrial action affected by inflation to a small (11) and very small (7) or no extent at all (4).

4.3.5 Education

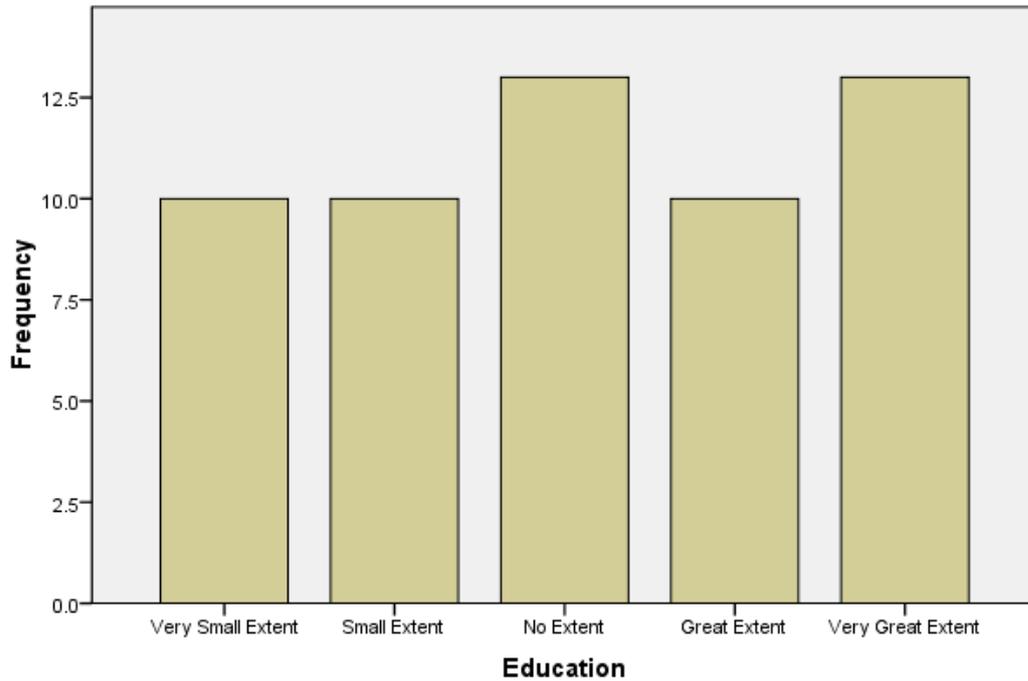


Figure 11: Frequency graph of influence of education on respondents' decision to participate in industrial action.

(Source: Survey data, 2014)

In the respondents' opinion, education has influenced their decision to participate in industrial action to no extent or to a very great extent (25%). The rest believed that education influences decisions to participate in industrial action to a great, small extent or small extent (30%). Owoye (2001) in his study indicated that the existence of surplus labour would weaken the bargaining power and the ability of labour unions to engage in strikes under voluntary collective bargaining.

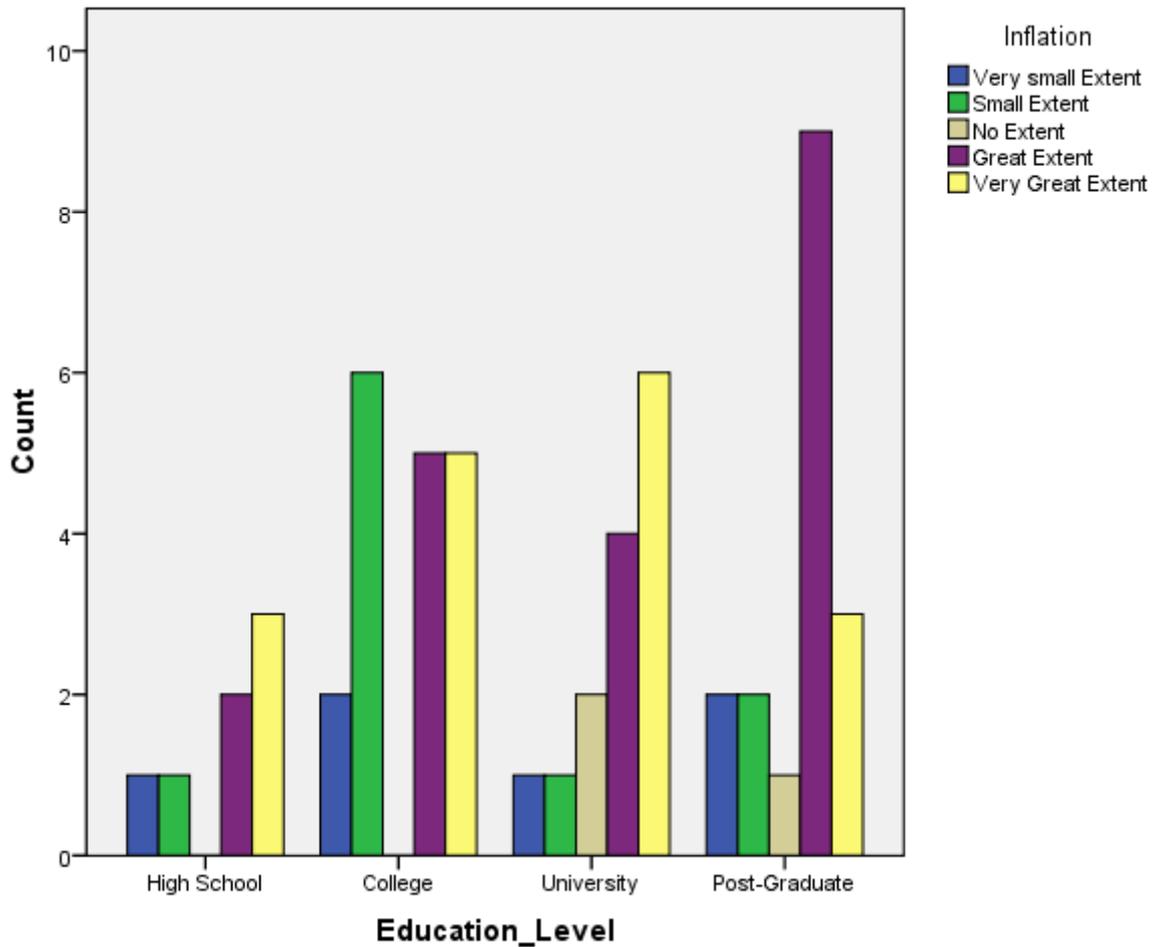


Figure 12: Graph of education level against extent of influence due to inflation
 (Source: Survey data, 2014)

Most respondents with a post graduate degree’s decision to participate in industrial action were influenced to a great extent by inflation in the economy. For the undergraduates, their decision to participate in industrial action was influenced by inflation to a very great extent. Those with a college diploma had their decision to participate in industrial action influenced to a small extent by inflation. Those with a high school certificate’s decision to participate in industrial action were affected to a very great extent by inflation.

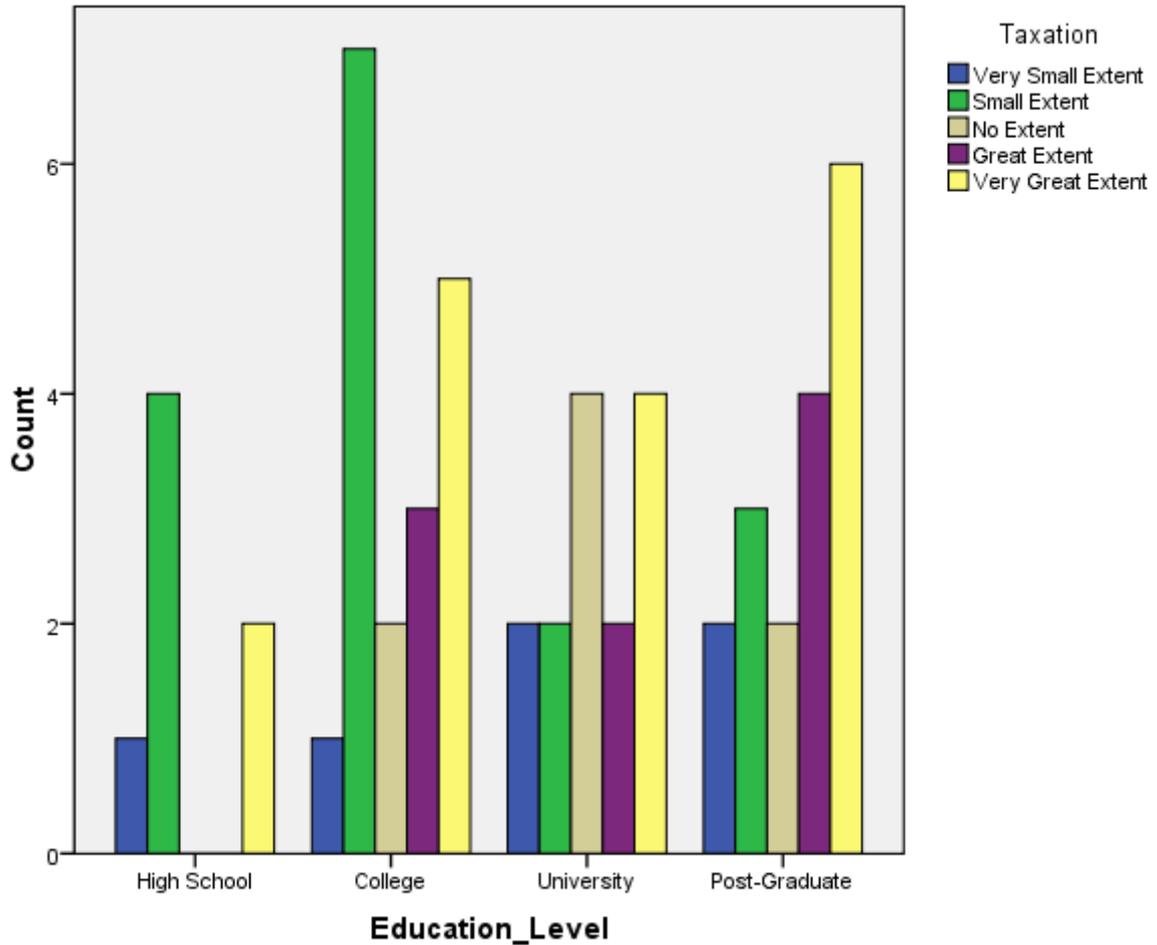


Figure 13: Graph of education level against extent of influence due to taxation

(Source: Survey data, 2014)

Most respondents with a post graduate degree's decision to participate in industrial action were influenced to a very great extent by increased taxes. For the undergraduates, their decision to participate in industrial action was influenced by taxes to both a very great and no extent. Those with a college diploma had their decision to participate in industrial action influenced to a small extent by increased taxes. Those with a high school certificate's decision to participate in industrial action are affected to a small extent by increased taxes.

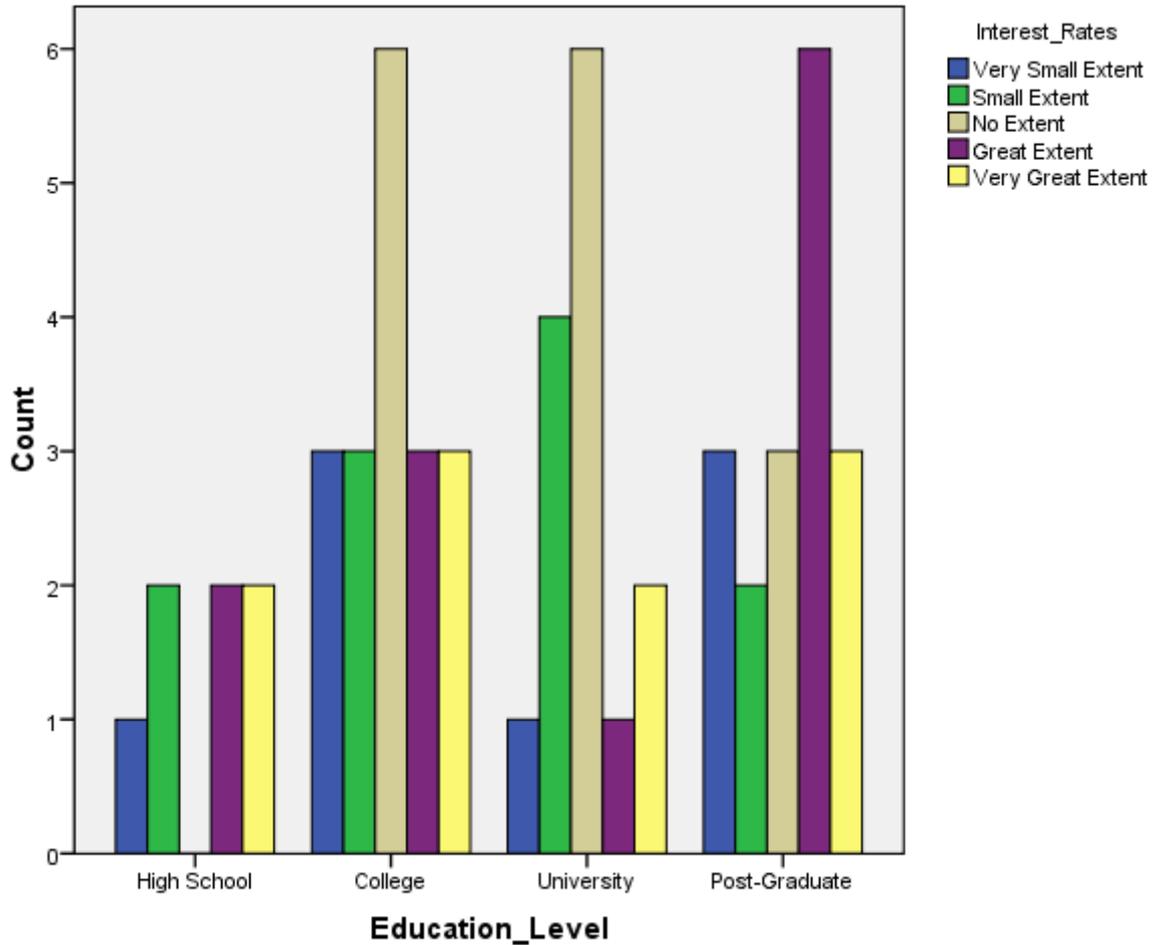


Figure 14: Graph of education level against extent of influence due to interest rates

(Source: Survey data, 2014)

Most respondents with a post graduate degree’s decision to participate in industrial action are influenced to a great extent by changes in interest rates. For the undergraduates, their decision to participate in industrial action was influenced by interest rates to no extent. Those with a college diploma had their decision to participate in industrial action also influenced to no extent by interest rates. Those with a high school certificate’s decision to participate in industrial action were affected equally very great, great and to a small extent by increased interest rates.

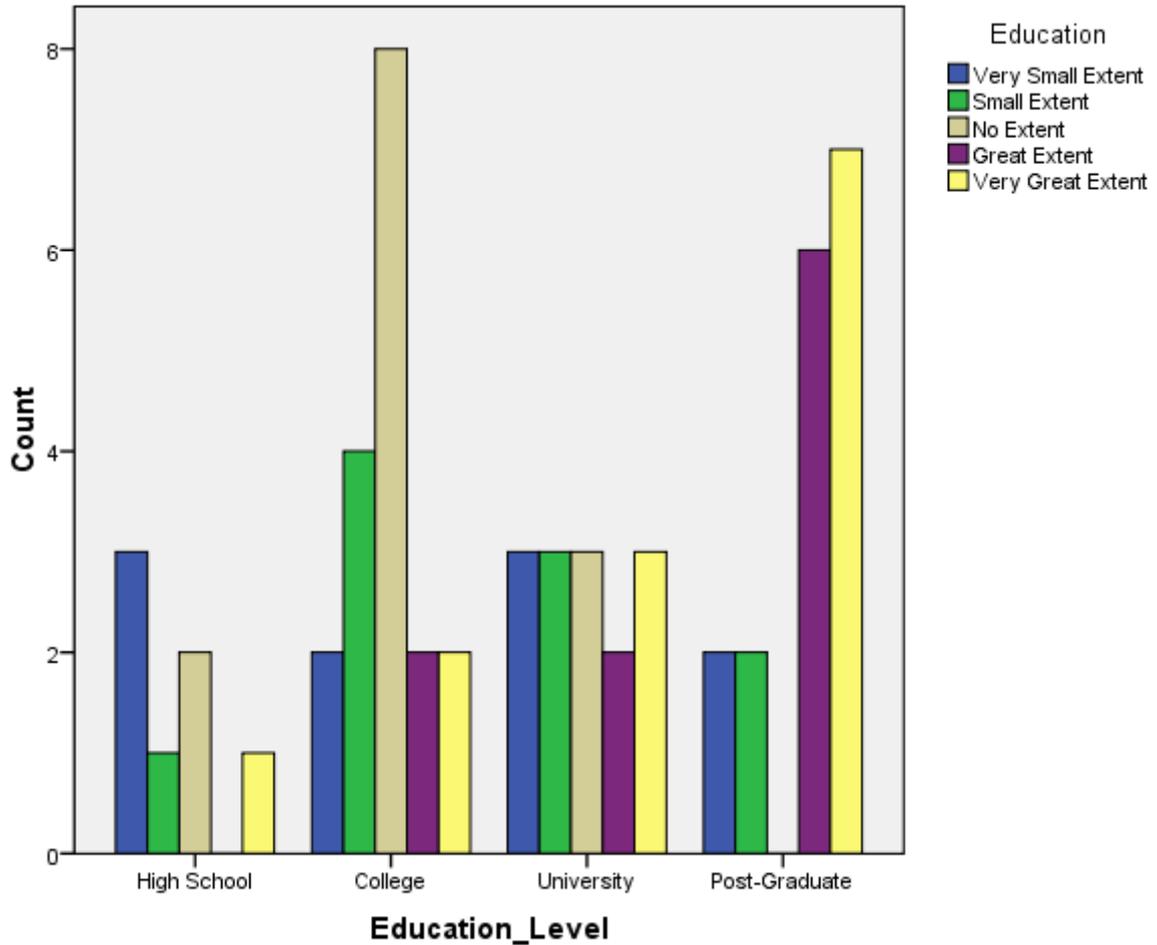


Figure 15: Graph of education level against extent of influence due to education

(Source: Survey data, 2014)

Most respondents with a post graduate degree’s decision to participate in industrial action were influenced to a very great extent by their education. For the undergraduates, their decision to participate in industrial action was influenced by their education equally to a very great, small, very small and no extent. Those with a college diploma had their decision to participate in industrial action influenced to no extent by their education. Those with a high school certificate’s decision to participate in industrial action were affected to a very small extent by their education.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of this chapter is to summarize the study that was conducted. Included in this chapter are a review of the purpose of the study, a re-statement of the research questions, the research methodology and a summary of the study results, conclusions and recommendations.

5.2 Summary

The purpose of this study was to explore the effects of socio economic factors on industrial action in selected parastatals in Kenya.

The research questions for this study were (1) How does education affect industrial action in parastatals in Kenya.(2) How does inflation influence industrial action in parastatals in Kenya.(3) How does interest rates affect industrial action in parastatals in Kenya.(4) What is the effect of taxation on industrial action in parastatals in Kenya.

The researcher used descriptive research methodology and survey techniques to collect data from selected parastatals in the government of Kenya. Data collected from the questionnaire respondents represented their perceptions regarding inflation, education, taxation and interest rates. Non respondents were sent reminder texts, emails and personal visits of the re adjusted collection date.

A stratified random sample was selected from the population of parastatals. Respondents completed a survey questionnaire that addressed their perception regarding strike occurrence based on inflation, education, taxation and interest rates. The numbers in the sample are based on studies by Sauro (2009) regarding sample size for research studies. A stratified random sample of 100 respondents from 10 parastatals was used for this study. During the first week of May, 2014, questionnaires were dropped off, mailed to the respective key persons in the selected parastatals accompanied by an introduction letter. Recipients were requested to complete the questionnaires and have them ready for collection as soon as possible. Those who had time to spare filled the questionnaires and returned them

immediately. A week later visits, calls and emails to the parastatals key respondents were used to follow up on the progress of the exercise. Over a five-week period ending 31st June, 2014, 59 survey questionnaires 59% were returned and subsequently analysed. The researcher used the statistical package for social sciences as an aid in analyzing the data obtained. The researcher showed the relationship between the independent variables and the independent variables using regression analysis.

From the returned survey questionnaires, most respondents in the study were either Lecturers (16%), messengers in their respective departments (15%) or Officers of the organization (13%). Some are Secretaries (11%) or assistants (10%). Those that engage in clerical duties make up 8% of the respondents while the rest are involved in the technical aspects of their organization's mandate (5%) or a engineers (3%). The distribution of returned surveys by profession type were described in Table 1.

The demographic data reported by those who participated in the survey were presented in Table 2. Most respondents had attained a college diploma (30%) followed by those with a post-graduate degree (28%). Undergraduates 27% and high school (13%) leavers had a lower representation in the work place.

For most of the institutions investigated industrial action was evident as it had occurred at least once (28%) or twice (20%). However in some institutions it had never occurred (18%) while in others it had happened more than thrice (16%) and thrice (13%) being the least frequent occurrence of industrial action.

Most respondents had to pay a higher interest rate than 16% during the periods of industrial action (35%) while very few (2%) had to pay the lowest rate (8%). Most respondents (49%) indicated that they paid a higher interest rate than 16% which was charged on about 10% of the respondents and 12 % on 18% of the respondents. Only 6 % of the respondents were charged a rate of 8%. Hyman (1995) argues that given the nature of capitalist society, industrial relations can be analysed from a more radical perspective. What this implies is that industrial relations is all about the maintenance of stability and regularity in the industry. An interest rate that is perceived to be high by respondents does not give the illusion of stability and regularity.

In regards to taxation, most respondents (26%) showed that changes in tax policy did not affect occurrence of industrial action. Some (19%) still felt that change in tax policy may affect the occurrence of industrial action while the rest are not sure (13%). It was also concluded that Taxation affects the respondents' decision to participate in industrial action to a very great extent (18%) and a small extent (17%). It however affects others to a great extent (9%) and the rest to no extent at all (8%) or very small extent (7%). The progressive income tax was criticized as being excessive and the Finnish state agreed to adjust the tax reduction rates and regulate them through legislation (Blum, 1981).

Most respondents (20) indicated that inflation affects their decision to participate in industrial action to a great extent. To some it did so to a very great extent (18) while the rest had their decision to participate in industrial action affected by inflation to a small (11) and very small (7) or no extent at all (4). Of those respondents whose salaries were affected negatively by inflation they mostly could afford to buy 5 Kgs of rice with KES 1000, while those whose salaries are affected positively managed to buy 10 Kgs of rice with KES 1,000. A study by Owoye (2001) showed that strike activity in Nigeria was influenced by inflation as workers worried about the purchasing power of their wages during inflationary periods.

The change in interest rates on loans acquired seemed to affect an employee's decision to participate in industrial action to no extent (15). However it did so to a small extent (13) and very great extent (12) to others. To the rest a change in interest rates had a very great (9) or very small (8) influence on their decision to participate in industrial action.

In the respondents' opinion, education had influenced their decision to participate in industrial action to no extent or to a very great extent (12). The rest believed that education influenced their decisions to participate in industrial action to a great, small extent or small extent (10). Owoye (2001) in his study indicated that the existence of surplus labour would weaken the bargaining power and the ability of labour unions to engage in strikes under voluntary collective bargaining.

Most respondents with a post graduate degree's decision to participate in industrial action were influenced to a great extent by inflation in the economy. For the undergraduates, their decision to participate in industrial action was influenced by inflation to a very great extent. Those with a college diploma had their decision to participate in industrial action influenced

to a small extent by inflation. Those with a high school certificate's decision to participate in industrial action are affected to a very great extent by inflation.

Most respondents with a post graduate degree's decision to participate in industrial action were influenced to a very great extent by increased taxes. For the undergraduates, their decision to participate in industrial action was influenced by taxes to both a very great and no extent. Those with a college diploma had their decision to participate in industrial action influenced to a small extent by increased taxes. Those with a high school certificate's decision to participate in industrial action was affected to a small extent by increased taxes

Most respondents with a post graduate degree's decision to participate in industrial action were influenced to a great extent by changes in interest rates. For the undergraduates, their decision to participate in industrial action was influenced by interest rates to no extent. Those with a college diploma had their decision to participate in industrial action also influenced to no extent by interest rates. Those with a high school certificate's decision to participate in industrial action were affected equally very great, great and to a small extent by increased interest rates.

Most respondents with a post graduate degree's decision to participate in industrial action were influenced to a very great extent by their education. For the undergraduates, their decision to participate in industrial action was influenced by their education equally to a very great, small, very small and no extent. Those with a college diploma had their decision to participate in industrial action influenced to no extent by their education. Those with a high school certificate's decision to participate in industrial action were affected to a very small extent by their education.

5.3 Conclusion

The findings in this study indicate a positive perception by respondents on the effect of inflation, taxation, education and interest rates on industrial action in these parastatals. The major findings indicate that the recent wave of strike in parastatals was as a result of the increase in inflation. While acknowledging that salary matters do affect the occurrence of industrial action, the respondents reported that this salary equation is influenced by the consumer price index of goods and services, the number of taxes and deductions that are made on the salary, and the interest rates charged by banks on loans taken by employees. This study also indicated that the labour demand and supply of a particular profession could lead to change in employment levels and affect the bargaining power of unionisable members

hence contribute to the occurrence of strikes. They also reported that there are no provisions on the salaries for adjustments against inflation, taxation and interest rates.

5.4 Recommendations

Based on the findings of this study to examine the effects of inflation, taxation, education, and interest rates on industrial action, it is clear that the employer and employees in parastatals hold different perceptions regarding the effects of government policies regarding inflation, taxation, and interest rates on salary of employees. In order to address these differences, this study recommends that government policies on inflation, taxation and interest rates should not negatively affect the net salary of employees or create a further burden on the economic growth and survival of an employee and this can be done through creating payslip adjustments on inflation, taxation and interest rates. As indicated in the recommendations of Tim Sweet 2007 study, Governments may be able to reduce tax burdens, try to avoid devaluations and alleviate bottlenecks in demand. They should certainly try to relieve the pressures on the modern economy. However, the concern here is to stress that urgent steps are needed to modify the competitive wage bargaining perpetuating mechanism. It seems quite clear that the way forward in this area is the development of such systems of co-operation between management, trade unions and Government at national level, and of cooperation of employers and employees at lower levels—'industrial democracy'. Trade unions can then negotiate increases while more fully aware of the economic realities and economic constraints which face modern industrial societies (Sweet, 2007). As proposed by the unitary theory of industrial relations, governments should integrate employer and employee interests, so that it can enhance employee commitment and loyalty (Guest and Peccei, 2001).

5.4.1 Suggestions for further research

Research studies could address the various issues that emerged in this study. Because the respondents in this study were solely from state owned organisations, a new study could focus specifically on privately owned organisations across the country. It would be important to determine whether employees in the private setting share the same perceptions as reported by their colleagues in this study. Additionally, because the findings regarding education did not focus clearly on any levels of employment, especially one that is aligned with the perception of industrial action, it would be beneficial to conduct a study that examines this

issue in more detail. Finally it would be important to conduct a study that examines more closely whether or not the government policies on economic factors affect the occurrence of industrial action across the state owned organisations.

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APPENDICES

Appendix A: list of parastatals

Office of the Vice President

National Museums of Kenya

Betting Control and Licensing Board

N.G.O. Co-ordination Bureau

Ministry of Finance

Kenya Revenue authority

Retirement Benefits Authority

Kenya Re-Insurance Corp.

Capital Markets Authority

Consolidated bank of Kenya

Deposit Protection Fund Board

Kenya Post Office savings Bank

Kenya Accountants & Secretaries Examination Board (KASNEB)

Kenya National Assurance (2001) Limited

Central Bank of Kenya

Capital Markets Tribunal

State Corporations Appeals tribunal

Kenya Institute for Public Policy Research and Analysis

Ministry of water and Irrigation

National Water Conservation & Pipeline Corporation

National Irrigation Board

Kenya Water Institute

Water Services Regulator Board

Lake Victoria South Water Services Board

Coast Water Services Board

Northern Water Services Board

Water Services Trust Fund

Rift Valley Water Services Board

Lake Victoria North Water Services Board

Athi Water Services Board

The Tana Water Services Board

Water Resources Management Authority

Ministry of Agriculture

Tea Board of Kenya

Pyrethrum Board of Kenya

Horticultural Crops development authority

Coffee Board of Kenya

Agricultural Finance Corporation.

National Cereals & Produce Board

Kenya Plant Health Inspectorate Board

Kenya Sugar board

Nzoia Sugar Company

Chemilil Sugar Company

Kenya Sugar research foundation

Pests control Products Board

Central Agricultural Board

Nyayo Tea Zones Development Corporation

Agricultural development Corporation

Kenya Seed Company

Kenya Agricultural research Institute

Coffee Research Foundation

Tea research foundation

Sugar Arbitration board

Agricultural Information resource Centre

Kenya Sisal Board

Bukura Agricultural College

Ministry of Education & Ministry of Higher Education, Science & Technology

National council for Science & Technology (NCST)

Public Universities Inspection Board

University of Nairobi

Moi University

Egerton University

Jomo Kenyatta University of Agriculture & Technology

Kenyatta University

Maseno University

Kenya National examination Council

Kenya Literature Bureau

Jomo Kenyatta Foundation

Kenya Institute of Education

Kenya Education staff Institute

Commission for Higher Education

Higher Education Loans Board

Teacher's Service Commission

Western University College of science and Technology

Ministry of Energy

Kenya Power and Lighting Company

Kenya electricity Generating Company (KenGen)

Kenya Pipeline Company

National Oil Corporation of Kenya

Kenya Petroleum Refinery

Electricity Regulatory Board

The Energy Tribunal

Rural Electrification Authority

Energy Regulatory Commission

Ministry of Transport

Kenya Airports Authority

Kenya Railways Corporation

Kenya Ports Authority

Kenya Ferry Services Limited

Transport Licensing Board

Kenya civil Aviation Authority

Transport licensing Appeal Tribunal

Kenya National Shipping Line

Ministry of Information & Communications

Communication Commission of Kenya

Postal Corporation of Kenya

Telkom Kenya Ltd.

Kenya Broadcasting Corporation

Kenya Film Commission

The Kenya Information & Communication Technology

Ministry of Industrialization

Numerical Machining Complex

Kenya National accreditation service

Anti-Counterfeiting Agency

Kenya Industrial Property Institute

Kenya Agricultural & Development Institute

East Africa Portland cement

Kenya Industrial estates

Kenya Bureau of Standards

Industrial development bank Capital Limited

Ministry of Trade

Kenya Investment Authority

Export Processing Zones Authority

Kenya National Trading Corporation

Kenya Wine Agencies Limited

Industrial & Commercial Dev. Corporation (ICDC)

Industry Property Tribunal

Ministry of Livestock & Fisheries Development

Kenya Marine & Fisheries Research Institute

Kenya dairy Board

Kenya Meat commission

Kenya Veterinary Board

Co-operative College of Kenya

New Kenya Co-operative Creameries Ltd

Ministry of Regional Development Authorities

Ewaso Ngiro North Development Authority

Ewaso Ngiro South Development Authority

Lake Basin Development Authority

Coastal Development Authority

Kerio Valley Development Authority

Tana & Athi River Development Authority

Ministry of Housing

National Housing Corporation

Ministry of Roads & Public Works

Kenya Roads Board

Ministry of Gender, sports, Culture & Social Services

National Sports Stadia Management Authority

Kenya Cultural Centre

Kenya National Library services

National Disability Council

Gender commission

Ministry of Health

Kenyatta National Hospital

Kenya Medical Training College

National Hospital Insurance fund

Moi Teaching & Referral Hospital, Eldoret

Kenya Medical Research institute

Kenya Medical Supplies Agency

Radiation protection board

Ministry of Tourism & Wildlife

Kenya Tourist Development Corp.

Kenya Tourist Board

Catering Training & Tourism Development levy Trustees

Kenya Utalii College

Kenya Wildlife Services

Kenyatta International Conference Centre Corporation

Hotels& Restaurants Authority

Ministry of Environment & Natural resources

Kenya Forest Service

Kenya Forestry Research Institute

National environmental Management authority

Ministry of Justice & Constitutional Affairs

Public Complaints Standing committee

Ministry of Planning and National Development

Poverty Eradication Commission

Kenya National Bureau of Statistics

Ministry of National Heritage

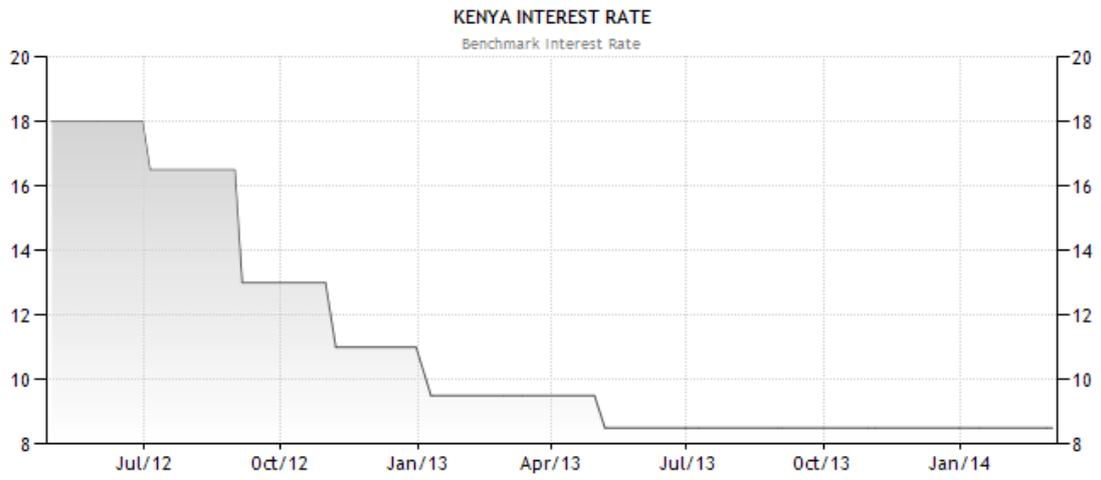
Public Archives Advisory Council

Source: www.parastatalnewskenya.com

Appendix B: Kenya inflation rate



Appendix C: Kenya interest rates



SOURCE: WWW.TRADINGECONOMICS.COM | CENTRAL BANK OF KENYA

Appendix D: Questionnaire

QUESTIONNAIRE

RESEARCH TOPIC: INDUSTRIAL RELATIONS AND INDUSTRIAL ACTION:
EXPLORING SOCIO ECONOMIC FACTORS AND THEIR EFFECT ON INDUSTRIAL
ACTION IN SELECTED PARASTATALS IN KENYA.

I am a student at Kenyatta University undertaking a Masters Degree in Business Administration. Kindly take a few minutes to complete this questionnaire. Your answers will be completely anonymous, but your views, in combination with those of others are extremely important in determining the effects of industrial action on employee relations of public service firms in Kenya.

Part A: Organization Profile

Name of the Organization.....

Years of Operation.....

Location

What is your organization’s total number of employees.....

What is your position in the organisation?

Part B: Industrial action

- 1) Kindly indicate to what extent the following aspects influence your decision to participate in Industrial action on a scale of 1-5

	1	2	3	4	5
1-very small extent					
2. small extent					
3-no extent					
4-great extent					
5-very great extent					
Inflation					
Taxation					

Interest rates					
Education					

2. How many times has the organization faced industrial action during your tenure?

- a) once
- b) twice
- c) thrice
- d) more than three times

3. if more than once, what was the span between each strike?

.....

.....

.....

.....

4. When was the last time that the organization experienced industrial action?

.....

.....

.....

.....

.....

5. How long did the strike last?

- a) Days
- b) Weeks
- c) months

6. What were some of the major issues that led to the employees to strike?

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

Part C: Education

7. What is the level of Education?

- a) High school
- b) College
- c) University
- d) Post graduate

8. Do you think you are aware of the laws governing industrial relations?

.....
.....

9. What is the labour demand and the labour supply of qualified personnel of your profession?

.....
.....
.....

10. Does this give you bargaining power?

- a) Yes
- b) No

11. Does this affect the number of strikes that occur in your company?

- a) Yes
- b) No

Part D: Taxation

12. Has your salary scale changed since you joined the organisation?

- a) Yes
- b) No

13. If yes, what is the annual increase?

- a) 1%
- b) 2%
- c) 5%
- d) Other

14. What tax obligations do you have?

.....
.....
.....
.....

15. Does the annual increase cushion you against taxes? How?

.....
.....
.....

16. Does the tax obligations affect strike occurrence in your company?

- a) Yes
- b) No
- c) Not sure

Part E: Interest rates

17. If you accessed loan, how much was the interest rate?

- a) 8%
- b) 12%
- c) 14%
- d) 16%
- e) Other.....

18. How much did you pay per month?

.....

.....
19. How long did/are you service the loan repayment?

- a) 1-2 years
- b) 3-4 years
- c) 5-6 years
- d) 7-8 years

20. What were the interest rates of lending institutions when your company experienced industrial action?

- a) 8%
- b) 12%
- c) 14%
- d) 16%
- e) Other.

Part F. Inflation.

21. How does inflation affect your take home salary?

- a) Negatively
- b) Positively

22. How many kilos of rice can you buy with 1,000ksh?

- a) 5kgs
- b) 10kgs
- c) 15kgs
- d) 20kgs

23. With the same 1,000ksh, how many kilos of rice would this purchase in the year that your company experienced industrial action?

- a) 5kgs
- b) 10kgs
- c) 15kgs
- d) 20kgs

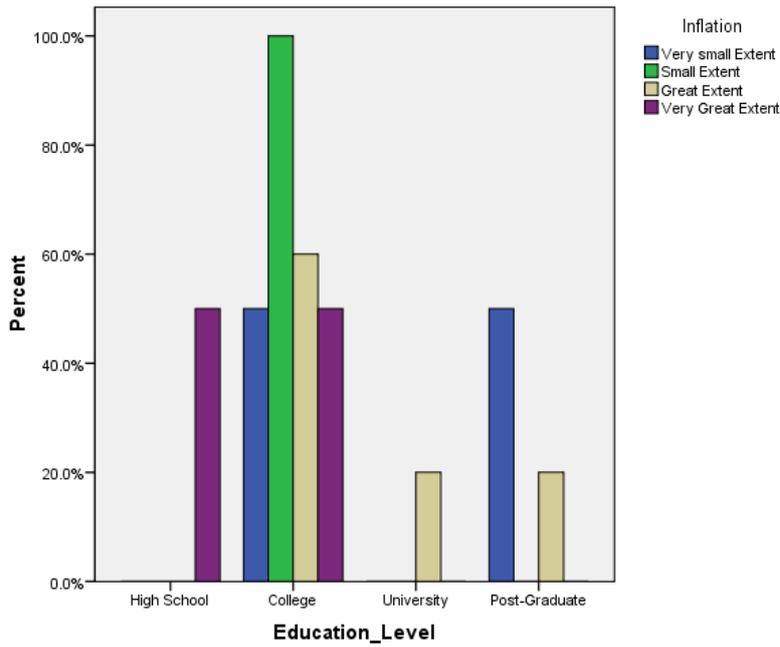
24. Does the company proof the employee's salaries against inflation and taxation?

- a) Yes
- b) No

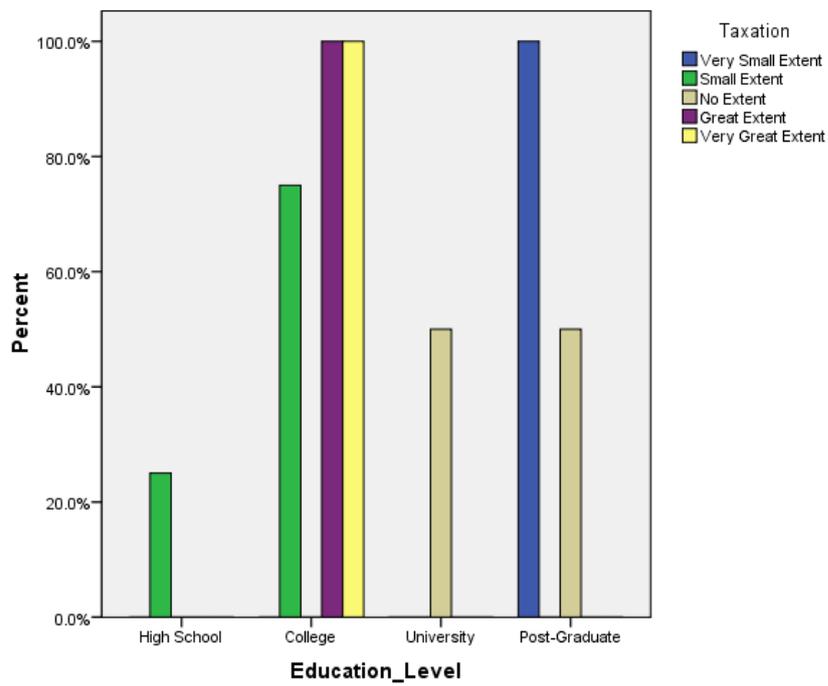
If yes how?

.....
.....

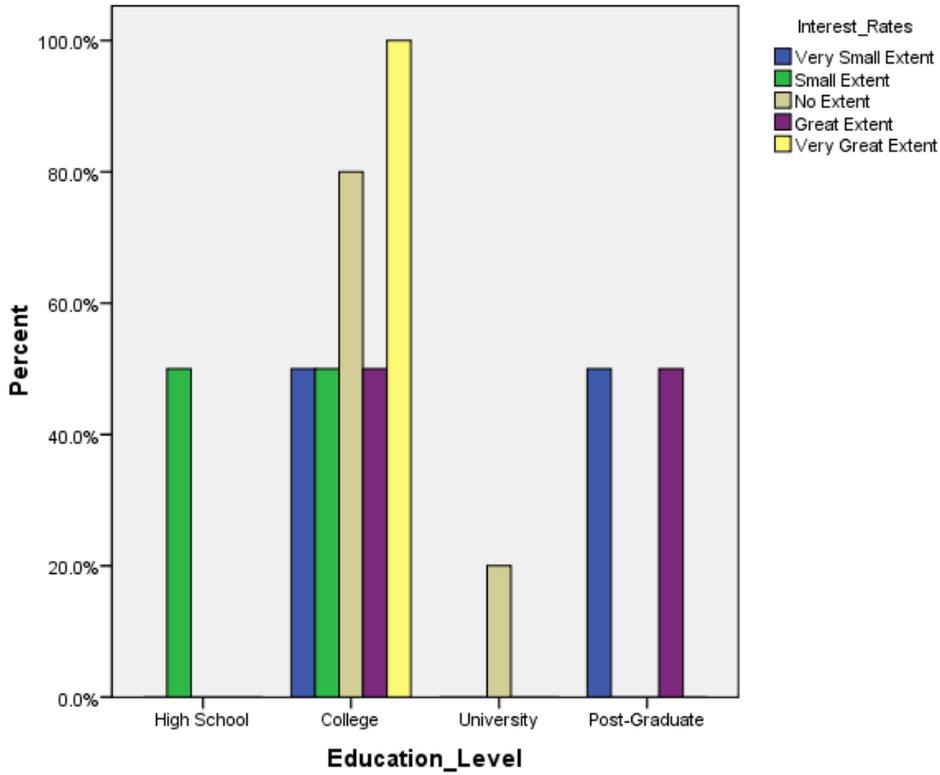
APPENDIX E: Pilot study of the research topic



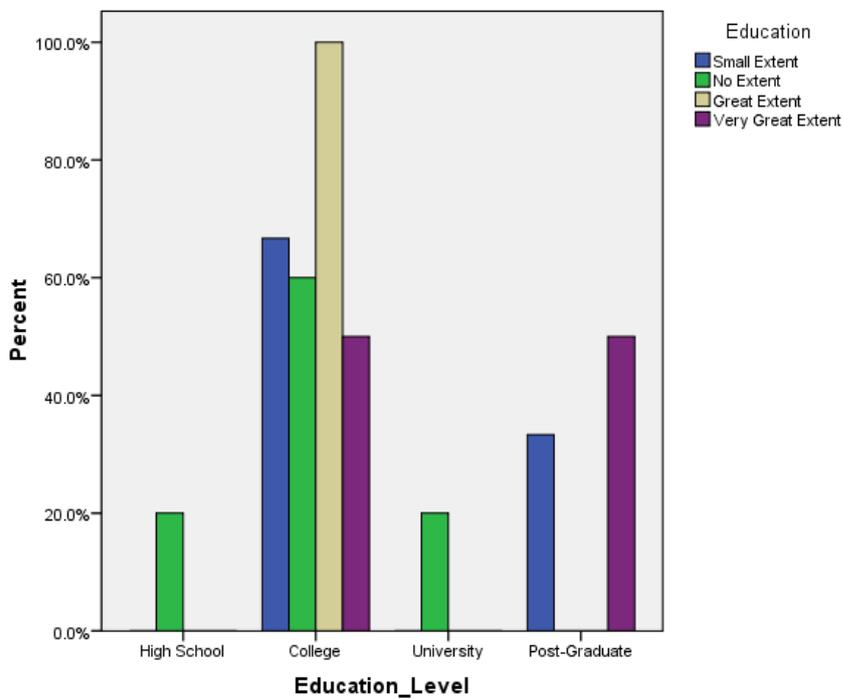
Graph: Influence of inflation on employees, with different education levels, decision to take part in industrial action



Graph: Influence of taxation on employees, with different education levels, decision to take part in industrial action



Graph III: Influence of changes in interest rates on employees, with different education levels, decision to take part in industrial action



Graph III: Influence of changes in interest rates on employees, with different education levels, decision to take part in industrial action

Appendix F: Research budget

Nature of costs	Amount (Kshs.)
Printing expenses	7,000
Travel expenses	2,000
Telephone costs	1,000
Binding costs	3,000

Total	13,000

Appendix G: Work plan

	Dec 2013	JAN 2014	FEB 2014	MARCH- MAY 2014	JUNE 2014
Coming up with research topic	x				
Literature research		x	x		
Submitting research proposal			x		
Defending proposal				x	
Collecting data				x	
Analyzing data				x	
Conclusion					x
Handing in project to KU					x

