

**Factors Of Tripartite Consultation Influencing The Performance Of State Corporations**

**In Kenya**

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## DECLARATION

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

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## **DEDICATION**

To my husband Hilary N. Mutyambai, whose support led to my completion of this work. To my children David and Lucy who lost a bit of motherly concern as i concentrated to complete this demanding goal. To Patience Mary, who left us without knowing where she went and when she will come back. To my dearest father Patrick Nzioka Mulwa whose dreams were realised through my academic pursuit. Lastly, to my mother Veronica Nzisa who unreservedly and with alot of pain brought me to this world.

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May God bless them.

## ACRONYMS

<b>A D R</b>	-	Alternative Dispute Resolution
<b>B P O</b>	-	Business Process Outsourcing
<b>C E R</b>	-	Comparative Employment Relations
<b>C O T U(K)</b>	-	Central Organization of Trade Unions – Kenya
<b>E I</b>	-	Employee Involvement
<b>E I R</b>	-	Employment Industrial Relations
<b>F K E</b>	-	Federation of Kenya Employers
<b>G O F</b>	-	Goodness - of - Fit
<b>H R M</b>	-	Human Resource Management
<b>I L O</b>	-	International Labour Organization
<b>I M F</b>	-	International Monetary Fund
<b>I O E</b>	-	International Organization of Employers

<b>ITUC</b>	-	International Trade Union Confederation
<b>IR</b>	-	Industrial Relations
<b>KAM</b>	-	Kenya Association of Manufacturers
<b>KETAU</b>	-	Kenya Electrical Trades and Allied Workers Union
<b>KPLC</b>	-	Kenyan Power and Lighting Company
<b>KMPDU</b>	-	Kenya Medical Practitioners, Pharmacists and Dentists Union
<b>KNUT</b>	-	Kenya National Union of Teachers
<b>KUDHEIHA</b>	-	Kenya Union of Domestic, Hotels, Educational Institutions, Hospitals and Allied Workers.
<b>KUPPET</b>	-	Kenya Union of Post Primary Education Teachers
<b>KUSNET</b>	-	Kenya Union of Special Needs Education Teachers
<b>LMP</b>	-	Labour - Management Partnership
<b>SAPs</b>	-	Structural Adjustment Programmes

**O A T U U** - Organization of African Trade Union Unity

**P E C** - Pan-African Employers Confederation

**U A S U** - University Academic Staff Union

**U N T E S U** - Universities Non – Teaching Staff Union.

## DEFINITION OF TERMS

**Adjudication** – A mandatory settlement of an industrial dispute by a labour court or a tribunal (Waweru, 2007).

**Collective Bargaining** – A method of mutually determining terms and conditions of employment and thus regulating both economic and managerial relationships through formalized agreements (Singh, 2008).

**Concertation** - The process of moving towards consensus through dialogue among social partners (Ishikawa, 2003).

**Conciliation** – A process by which representatives of workers and employers are brought together before a third party with a view to persuading them to arrive at an agreement by mutual discussion between them (Collins, Ewing & McColgan, 2012).

**Consultation** – The opportunity given to employers and workers alike to meet to discuss formally but often informally according to an established procedure issues of common concern, to exchange information and to explore possible means of solving the problems confronting them, so as to lead to opinions and advice rather than decision making (Benson & Shen, 2008).

**Employee Involvement** – The totality of formal or informal, direct (personal) or indirect (through representatives or institutions) ranging from minimal consultation to complete



decision making autonomy by which individuals or groups of employees exert influence over their work and work conditions (Powell, 2011).

**HRM / Union Substitution** – The effects of positive employer practices, which have in them effects of reducing the causes of unionism namely; worker dissatisfaction (Fiorito, 2001).

**Industrial Relations Charter** – A voluntary agreement between the social partners which incorporates important provisions of ILO such as agreements by all sides to respect each others right to freedom of association (Fashoyin, 2008).

**Performance** – The accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed. The fulfillment of an obligation, in a manner that releases the performers from all liabilities under contract (Armstrong, 2008).

**Social Dialogue** – All types of negotiation and consultation among representatives of governments, employers and workers on issues of common interest relating to economic and social policy (Ishikawa, 2003).

**Social Partners / Social Actors** – A collective term referring to workers/ workers' representatives, employers/ employers' organizations and governments (Shen & Benson, 2008).

**Tripartite Consultation** – A process whereby workers, employers and governments contribute to the development of labour standards and the protection of workers' rights through voluntary interaction and dialogue (Shen & Benson, 2008).

**Tripartite Consultation System** - The process whereby workers, employers and governments contribute to the development of labour standards and protection of workers' rights through voluntary interaction and dialogue (Shen & Benson, 2008)

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## ABSTRACT

This study sought to establish the factors of tripartite consultation that influenced the performance of state corporations in Kenya. Kenya has one of the oldest institutions for tripartite consultation and social dialogue in Africa, but the established mechanism had not been used with degree of consistency. Hence, the benefits of tripartism had not been reaped. The study adopted a descriptive survey design. The population of the study constituted all the state corporations in Kenya and the target population comprised the unionized state corporations in Nairobi County. Fourteen state corporations were randomly selected from which study subjects were drawn. Stratified random and purposive sampling were applied. The research instruments included questionnaire and interview guide. Quantitative and qualitative data were analyzed by use of Statistical Package of Social Sciences (SPSS) and establishment of emerging themes respectively. The study found that employers adequately performed their roles. Besides, trade unions had adequately performed their roles but had not assured workers a share of profits and had not publicized the Charter. Besides, the Ministry of Labour had played its roles amidst challenges among others, delay in settlement of disputes, human resource constraints and inadequate budgetary allocations. The tripartite consultation system existed but had challenges such as reluctance of trade unions recognition, delay in conclusion and implementation of collective agreements. Economic change had insignificant effect on performance of state corporations since, the government cushioned the corporations in hard economic times. Besides confrontational approach had been embraced by most strong trade unions as the most effective approach of solving labour issues like pay. Tripartite consultation positively intervened between the independent variables and the dependent variable. The study adopted two multiple linear regression models. One with and the other without the effect of the intervening variable. When tripartite consultation was held constant, all the variables had significant positive

effect on the performance of state corporations, apart from economic change. With effect of tripartite consultation, it was found that all the variables had significant positive effect on the performance of state corporations apart from relationship between social partners and economic change. Some of the study's recommendations included: government should enhance the capacity of the Ministry of Labour; future negotiations should be informed by research that takes into account increase in production. The study suggested the following areas for future research: investigate on HRM Union Substitution/ suppression in non-unionized state corporations and effects of economic change on the performance of the private sector companies in Kenya.

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

The chapter presents the meaning of tripartite consultation, the premise of such consultation, global overview of tripartite arrangement, the social actors and the state of consultation in Kenya. Then, the statement of the problem, the general objective, the specific objectives, hypotheses, justification, the scope and limitation of the study.

### **1.1 BACKGROUND**

#### **1.1.1 Meaning and Origin of the Tripartite Consultation**

Tripartite consultation is generally understood to refer to a process whereby workers, employers and governments contribute to the development of labour standards and the protection of workers' rights through voluntary interaction and dialogue. Tripartite consultation is viewed as a means of reconciling the interests of the various social actors and of achieving fair and reasonable conditions of work. It is seen as the only method if social tensions at work place are to be contained and conflict such as political conflict avoided and economic development realized (Benson & Shen, 2008).

Tripartite consultation encompasses bipartite relationship between employers and trade unions in the workplace. The government as a silent partner sets the parameters for the partners' interaction. Both bipartite and tripartite arrangements serve purely an advisory role to governments, leading to social pacts that fix a framework for action during a defined period. If full blown, it can reach the level of social dialogue, commonly called social

concertation, whereby employers', workers' representatives and governments develop a reflex for acting in a concerted manner to address all national economic and social policy issues by seeking consensus (Ishikawa, 2003).

Tripartite consultation has its origin from the International Labour Organization (ILO). ILO is an International Organization; a new social experimental Institution trying to make the world conscious that world peace may be affected by the unjust conditions of its working population. ILO was set up on April 19, 1919 as a result of the Peace Conference convened at the end of World War 1 at Versailles. The unique feature of ILO is its tripartite structure, where representatives of management, labour and governments participate in its proceedings (Monappa, 2005).

Since its inception, the ILO has promoted tripartite consultation among its member states as a means of giving voice to all parties and preventing labour disputes from becoming intractable. In such a tripartite system, governments consult representatives of employers and workers and involve them in the formulation of socio-economic policies and in particular, the legal framework of labour relations at the national and industry levels. The social partners' views and concerns are thus reflected in the policies and laws adopted (Benson & Shen, 2008).

Upon its creation, the ILO agreed to establish a set of international rules aimed at delivering protection against labour conditions involving injustice, hardship and privation. The Tripartite Consultation Convention, No. 144 of 1976 is one of the four conventions designated as priority instruments (<http://www.ilo.org/global/standards/subjects.tripartite.consultation/ang/index.htm.29/04/011>).

The International Labour Standards were developed for four reasons; one, to improve the conditions of workers in reference to their health, time and lack of advancement at work. Two, to control social unrest which would arise from poor working conditions. Three, to allow competitors to make changes without disadvantaging any party. Finally, four, to create lasting peace based on social justice (<http://www.tssa.org.uk/article-46.php> on 30/04/2011 at 3pm).

### **1.1.2 Global and National Tripartite Arrangement**

At international level, trade union federations have a common voice represented and subscribing to International Trade Union Confederation (ITUC), which is the world's largest trade union federation. Besides, at the global level employers subscribe to International Organization of Employers (IOEs). This is the only recognized organization at this level that represents the interests of business in labour and social policy fields. In African continent employers organizations subscribe to the Pan-African Employers Confederation (PEC) and Unions to Organization of African Trade Union Unity (OATUU) (Monappa, 2005).

The ILO Standard of Tripartite Consultation set forth the framework for effective national tripartite consultation. Such consultation was intended to ensure greater cooperation among the social partners and stronger awareness and participation in matters relating to international labour standards. Besides, it leads to better governance and greater culture of social dialogue on wide social and economic issues (<http://www.ilo.org.global/standards/subjectstripartiteconsultation/ang.en/index.htm>. 29/04 /2011).

Due to the importance of tripartism, the ILO has made the ratification and implementation of the Tripartite Consultation Convention, No. 144 of 1976 a priority. Tripartism is a well established mechanism in Kenya although not one that has been used with any degree of consistency. Tripartite Consultation in Kenya has evolved from both the legal framework and the Industrial Relations Charter, the latter being a voluntary agreed set of tripartite code of practice and procedure between the social partners. In addition, they incorporate tripartite institutions for social dialogue in specific areas of Industrial Relations in the Country. Both sources are consistent with the objectives of ILO Convention, No.144 of 1976 which Kenya ratified in 1990 (<http://www.ilo.org/global/standards-tripartiteconsultation.29/04/2011>).

Cocker (1981) has elaborated that in Kenya, the ILO conventions and recommendations are fully recognized and supported, as Kenya ardently subscribes to the ILO and the principles for which it stands. The principles include:- labour is not a commodity; freedom of expression and of association are essential to sustained progress and finally; poverty anywhere constitutes a danger to prosperity everywhere. Hence, the war against want requires to be carried on with unrelenting vigour within each nation. Thus, there should be concerted international and national effort in which the representatives of workers and employers, enjoying equal status with those of governments, join them in free discussion and democratic decision with a view to the promotion of common welfare.

Fashoyin (2001) has observed that in Kenya as in all former British colonies, the organization of workers and employers for Industrial Relations purposes is a tradition that emerged in the colonial period. He added that labour market institutions, in Kenya were established in 1950s to provide a voice for workers, as well as platform for the growing organization of employers and workers in the Country. Hence, the employers' and workers' organizations, in



collaboration with the Government, had a tradition of social dialogue through Tripartite consultation at a very early stage.

### **1.1.3 Social Partners in Kenya**

The social partners in Kenya include employers' organizations. Employers have been well organized in Kenya, and most of them are members of or affiliated to the Federation of Kenya Employers (FKE). FKE is the main employers' voice, notably in the field of Industrial Relations and Human Resource Management. FKE performed this function before independence and continues to do so with considerable expertise and commitment (Nyangute, 2002).

By 2000, the FKE had a total membership of 2541 in its two categories of membership namely, individual company members and industrial associations. Within the two categories FKE represents practically all the medium and large scale companies operating in the Country. Additionally, the Federation represents an increasing segment of businesses operating as small and micro-enterprises. Indeed about 40 per cent of the FKE's total memberships are small scale (Fashoyin, 2001).

As the leading employers' voice in the labour market field, FKE plays an important role in negotiating and signing of Collective Bargaining Agreements on behalf of its member companies; management in periods of economic difficulty and instability; and strategic resources to the impact of liberalization on the competitiveness of Kenyan industries. However, FKE experienced a decline in membership in the second half of 1990s due to the

then wave of retrenchment in its member companies and in industrial associations, which reflected the rapid decline of the economy (Fashoyin, 2001).

As a signatory of the Industrial Relations Charter of 1962 which was later reviewed in 1980 FKE plays a prominent role in tripartite social dialogue in all areas of the labour market and other community issues. However, the pressure of global markets and liberalization, which impacts considerably on its members, has buttressed the role FKE plays in social dialogue. As a result, it has broadened the scope of its work beyond the labour market to other areas of the economy and business, undoubtedly recognizing that labour market issues affecting its members are inextricably linked to broader macroeconomic issues (Fashoyin, 2008).

The Kenyan Government is a key player in the tripartism, being represented by the Ministry of Labour as the key Government Department. The Ministry of Labour is responsible for the initiation, elaboration and implementation of government labour policy, laws and general regulation of industrial relations. Indeed, the Government is the largest employer of organized labour in the Country and hence bound by Industrial Relations framework (Minja & Aswani, 2009).

The Ministry is responsible for labour legislation and ILO matters including ratification of Conventions. It also facilitates key tripartite and social dialogue institutions responsible for policy formulation, implementation and monitoring; collective bargaining, conciliation and investigations of labour disputes. Infact, the responsibility of effective functioning of social dialogue, both at tripartite national level and at the organization level through the collective bargaining system lies with the Ministry of Labour (Waweru, 2009).

One of the paramount Institutions of Industrial Relations in the Country is the Industrial Court. The Court is responsible for the effective functioning of collective bargaining and dispute settlement machinery and is associated with the Ministry of Labour. Hence, the responsibility for the effective functioning of social dialogue, both at tripartite national level and at the company level through the collective bargaining system, lies with the labour administration system (Waweru, 2007).

In spite of its enormous responsibility for promoting social dialogue and other labour administration services, the Ministry's capacity to deliver timely and effective services is inadequate. Indeed, the delivery of some services is poor and undermines the effectiveness of the Industrial Relations System. The obstacles to efficiency and effectiveness are caused by resource constraints, inadequate capacity building and low budgetary resources (Fashoyin, 2001).

Trade unions are the third social actors in tripartite consultation. Trade union movement in Kenya began in the early 1900s but, it took fifty years before it became a permanent feature of Industrial Relations scene. A number of factors contributed to this: - the strong opposition of the elite settler employer; the small number of wage earners and their lack of technical knowledge in the union organization; the authoritarian nature of the colonial political system, the restrictive labour law and high rate of illiteracy among wage earners (Waweru, 2007).

Waweru (2007) has observed that the world wars led to enlistment of soldiers from East Africa who underwent intensive training. The experiences of Kenyan workers abroad showed them new ways of life and better conditions of work. They could not therefore be expected to come back and be contented with the terms and conditions of work at home. Hence, on

return most of them became militant leaders of workers. Besides, Aluchio (1998) has emphasized that unions came into being as vehicles of protest against working conditions. Most of them were formed either out of direct confrontation of workers and employers or out of collusion between workers and politicians. Indeed, the increased awareness of wage earners' economic plight led to the formation of workers' organizations in the 1940's.

Waweru (2007) has further pointed out that trade union movement in Kenya; though numerically strong since it had about 400,000 members in 1998 is quite weak in terms of influencing key managerial decisions. The weakness of trade unionism in Kenya is indicated by the fact that unions do not provide any form of assistance to striking members; relatively few unions offer any service other than collective bargaining to their members; enrolling of new members is the responsibility of organizing secretaries and part-time branch chairmen and shop stewards.

Fashoyin (2001) has asserted that total membership of COTU(K) affiliated union members was estimated about 250,000 which is less than half of the membership before the retrenchment which started in 1994. He added that when the membership is added to teachers union 186,036, it is still less than half a million workers. This yielded to a union density of about 26 percent in the year 2000.

#### **1.1.4 The State of Consultation in Kenya**

Waweru (2007) has observed that through time, the trade union movement in Kenya has continued to be subjected to severe restrictions by the Government. The Industrial Court had been viewed as an effective and in-different instrument of meting out industrial justice.

However, over the years, the increasing encroachment by the Government on its activities, for instance, through the issue of wage guide-lines, has cast doubt to the Court's independence. Yet, the Court seems to command great respect from both employers and workers, probably due to the stature of its current incumbents.

*The Business Daily* of 12<sup>th</sup> September 2011 has indicated that the then inflation in Kenya had resulted to standoff with COTU demanding a 60 percent increase in minimum wages, the Government offering a 10 percent review and FKE saying no increase was justified because investors as consumers of goods and services had been hit hard by higher prices of raw materials. Though the Government gave an increase in minimum wage of employees in Nairobi of Kshs. 7,347, this was viewed by FKE as aggravating the plight of workers. As a way of retaliating the Kenya Association of Manufacturers (KAM) threatened to pass the increase in payroll costs to consumers in form of high commodity prices.

Conversely, the Private Sector Alliance, a lobby for investors and business leaders advocated for a freeze of salaries review for two years to check on inflation and boost growth. This it insisted would generate income for the Country to reduce inflation. It also observed that, the Country was going through a difficult time due to a weak shilling, increased inflation and high cost of living. Thus, strikes would add to the problem and if people demanded for blanket wage increment, there would be a big risk of employers reducing workers (*Business Daily Nation* of 9<sup>th</sup> December, 2011).

Gachunga (2009) has explained that globalization as an economic transformation has embraced economic competition and shareholders activism motivating large firms to embrace 'lean and mean' conception of control. This leads to restructuring and de-bureaucratization.

Consequently, reducing the strength of unions as partners in consultation. A case in point is Telkom Kenya which retrenched its more than 10,000 employees and requested them to establish firms from which their former employer would outsource skilled staff.

The Economic Survey 2011 has disclosed decline in the number of Collective Bargaining Agreements to 266 in 2010 compared to 297 in 2009. In addition, more than half of companies surveyed reported a drop in the number of employees covered by unions. The survey further indicated that negotiations between unions and employers were expected to become increasingly difficult since most profitable companies around the globe are those that have linked remuneration to productivity (Irungu, 2011).

In 2011 Kenya was highly gripped by industrial actions. Between 5<sup>th</sup> and 10<sup>th</sup> September, 2011 Kenyan National Union of Teachers (KNUT) called a nationwide strike of all public school teachers paralyzing learning. Teachers lamented inadequate staffing, which had negatively affected the quality of teaching due to influx of students since the introduction of Free Primary Education in 2003 (Malalo, 2011). The Kenya Power and Lighting Company (KPLC) union namely, Kenya Electrical Trades and Allied Workers Union (KETAWU) had called for a strike which was averted at the eleventh hour and which would have plunged the Country into total darkness and all inconveniences that go with it. The workers complained of poor working conditions, casualization of employees and failure to review the 2011/2012 CBA.

Moreover, between 5<sup>th</sup> and 13<sup>th</sup> December, 2011 the doctors' union, Kenya Medical Practitioners, Pharmacists and Dentists Union (KMPPDU) called for withdrawal of labour of all their members in public hospitals. The doctors demanded for larger stock of drugs, better

equipment and better pay. They insisted that many patients had died due to shortages and hence they were not ready to be used to certify deaths. The strike left many patients unattended, while others were helped by teaching staff who had been temporarily deployed to help the situation (Houreld, 2011).

Muturo (2011) has explained that after the threat by KETAWU a largely unreported ‘go-slow’ from staff of a major airline namely, Kenya Airways ushered in the turn of university lecturers and non academic staff strike. Therefore, between 9<sup>th</sup> and 17<sup>th</sup> November, 2011 University Academic Staff Union (UASU) called a strike which was later joined by members of Universities Non-Teaching Staff Union (UNTESU) and Kenya Union of Domestic, Hotels, Educational Institutions, Hospitals and Allied Workers (KUDHEIHA) paralyzing learning in all public universities and affecting 170,000 students. The strike was due to Government failure to implement the 2008 – 2009 and 2010-2012 CBA, leading to delayed implementation of new salaries and allowances. Furthermore, double student intake in absence of increased staff and infrastructure was viewed to strain the existing resources. Consequently, as educationists have argued, shortage of qualified lecturers and low morale among the academic staff, due to low pay hurts the quality of learning.

## **2.2 STATEMENT OF THE PROBLEM**

Tripartite consultation is a means of reconciling the interests of the social actors so as to achieve fair and reasonable conditions of work, give voice to all parties and prevent labour disputes from becoming intractable. Though Kenya has one of the oldest institutions for tripartite consultation and social dialogue in Africa, the established mechanism has not been used with any degree of consistency and hence the intended benefits may not have been fully reaped (Fashoyin 2001).

Through consultation the social actors are given an opportunity to meet and discuss formally at an equal footing according to an established procedure issues of common concern, to exchange information and to explore possible means of solving the problems confronting them (Fiorito, 2001). However, a study carried out by Fashoyin (2001) in Kenya showed that trade unions appeared to have been subjected to severe restrictions by the Government, and weak in influencing key managerial decisions.

A study by Minja and Aswani (2009) showed that from 1995 to 2000 Kenya had experienced 381 strikes which involved 561 250 workers and 3, 517 228 days were lost. Besides, in 2010 the Ministry of Labour recorded 82 strikes, which involved 12 773 employees and 405 278.5 man hours were lost. If this is added to statistics today, it will show an alarming situation. Besides, the Industrial Court Disputes Register recorded an increase in reported disputes from 159 in 2007 to 1624 in 2010. Moreover, the economic survey 2011 indicates decline of CBAs to 266 in 2011 compared to 297 in 2009.

Moreover, doctors in public hospitals withdrew their labour between 5<sup>th</sup> and 13<sup>th</sup> December, 2011 demanding for larger stocks of drugs, better equipment and better pay. This strike led to patient deaths. Between 9<sup>th</sup> and 17<sup>th</sup> November, 2012 university academic and non academic staff strike paralyzed learning in all public universities affecting over 170,000 students. The cause of the strike was failure to implement 2008 – 2009 and 2010 – 1012 CBAs and double student intake in absence of increased staff and infrastructure (Mutoro, 2011, Malalo, 2011)

As the discussion above shows there had been increase of strikes in the Kenya Industrial Sector. This may indicate, the working relationship amongst the government, employers and the labour unions is not working well. This is supported by Mutoro (2011) who observed that the Kenya's emerging trend of labour disputes threats is worrying. Besides, from 2010



September, 2013 the reported strikes by the Ministry of Labour indicated 10,339,818 lost man hours. This translates to devastating implications of quality assurance as supported by (Fuchaka & Katana, 2012). There was, therefore, a need to determine the factors of tripartite consultation influencing the performance of state corporations in Kenya.

Lee and Rolee (2008) examined the impact of partnership on Korean firms and found that it was significantly associated with the quality of industrial relations. Shen and Benson (2008) studied the role of tripartism in dispute settlement in China and found that it was different from the one advocated by the ILO. Fashoyin (2001) studied the renewed interest in tripartite consultation in Kenya and found that it had not been applied consistently. Shen (2009) analyzed the characteristics, development and implementation of Chinese labour arbitration system and its role in settling disputes and found that it had become the most important mechanism for resolving labour disputes. Out of the above studies, it was evident that there was limited study on factors of tripartite consultation influencing performance of state corporations, which this study was set to establish.

## **2.3 OBJECTIVES**

### **1.3.1 General Objective**

The general objective of the study was to establish the factors of tripartite consultation influencing the performance of state corporations in Kenya.

### **1.3.2 Specific Objectives**

The specific objectives were to:

- (i) Determine whether social partners' roles influenced the performance of state corporations.
- (ii) Establish whether the tripartite consultation system affected the performance of state corporations.
- (iii) Determine how economic change affected performance of state corporations.
- (iv) Establish if the relationship between the social partners affected the performance of state corporations.
- (v) Determine whether tripartite consultation intervened in the performance of state corporations.

## **2.4 HYPOTHESES**

The hypotheses of the study included:

- (i) H<sub>0</sub>: The role of social partners has not affected the performance of state corporations.  
H<sub>1</sub>: The role of social partners has affected the performance of state corporations.
- (ii) H<sub>0</sub>: The tripartite consultation system has not affected the performance of state corporations.  
H<sub>2</sub>: The tripartite consultation system has affected the performance of state corporations.
- (iii) H<sub>0</sub>: Economic change has not affected the performance of state corporations.  
H<sub>3</sub>: Economic change has affected the performance of state corporations.
- (iv) H<sub>0</sub>: Relationship between the social partners has no effect on the performance of state corporations.  
H<sub>4</sub>: Relationship between the social partners has effect on the performance of state corporations.
- (v) H<sub>0</sub>: Tripartite consultation does not intervene in the performance of state corporations.

H<sub>5</sub>: Tripartite consultation intervenes in the performance of state corporations.

## **2.5 JUSTIFICATION**

Kenya had experienced violent scenes of industrial action in various state corporations which were a pointer of ineffectiveness in tripartite consultation in dispute resolution. It is hoped that out of this study industrial peace and harmony would be realized where it lacked and enhanced where it is fair. Besides, the social actors are very instrumental in bringing about social and economic development of any nation. It is through industrial harmony which is realized through tripartism that the vision 2030 will be achieved since the actors are key players. This study was very timely in addressing the issues faced. The study will be of benefit to the following:

### **The Kenya Government**

The Government is a key player in industrial relations. It is the biggest single employer and central in regulation of labour relations. Hence, the Government will learn where it has gone wrong in the tripartite arrangement. It is hoped that implementation of what the recommendations of the study, will bring about harmonious industrial relations which in turn will lead to economic and social development.

### **COTU**

COTU is the Body Federate of all trade unions in the Country. The study will be an eye opener in the areas where it has gone wrong or slighted in regulation of trade unions, representation of union interests at National Fora. The study will thus contribute towards industrial peace, economic and social development of the Nation.

## **FKE**

FKE has a great role in economic development of individual enterprises, employees, and the Nation. Where it has failed or underperformed in tripartite consultation and representation of employers will be established. Consequently, it is hoped that it will take remedial measures to do what is expected in the relationship.

## **Other Nations**

Tripartite consultation is a global feature which takes place at International and National levels. Light will be shed to other nations on what the social partners must do so as to have effective consultation. This will in turn positively affect the global economy, and enhance harmonious national and international labour relations.

## **Future Researchers**

The document may be a reference point of future researchers. Where the researcher will reach in conclusion of the study will be taken over by future researchers hence, the essence of research. The study will contribute to the existing body of knowledge.

## **2.6 SCOPE**

The study was carried out in Kenya. It concentrated on the state corporations in the Country. It was restricted to the unionized state corporations in Nairobi County. The study also covered the Ministry of Labour, The Federation of Kenya Employers (FKE) and the Central Organization of Trade Unions Kenya (COTU)[K]. The three are key stakeholders in tripartism as representatives of the government, employers and employees respectively. The

among study chose the variables of study since they are the ones advocated for tripartite consultation, according to ILO Tripartite Consultation Convention No. 144 of 1976.

## **1.8 LIMITATION**

The study was carried out during a time when the county was experiencing many industrial actions. The researcher had to wait until return to work formula was arrived at by some selected state corporations which happened to have been on strike. In three state corporations though the researcher was allowed to administer questionnaires, the Human Resource Managers refused to be interviewed. However, the others in other state corporations accepted to be interviewed and information gathered from human resource managers from other state corporations was representative.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter presents the existing relevant literature on tripartite consultation. Specifically it covers theoretical review, conceptual framework, empirical review, critical review and research gaps. Finally, the summary of the chapter is presented.

#### **2.2 THEORETICAL REVIEW**

The theories that are relevant to this study include the Unitary, the Pluralism, the Marxist and the Systems Theory advanced by Dunlop, the feminist and comparison theories of employment relations.

##### **2.2.1 Unitary Theory**

The Unitary theory started with scientific managers whose concerns were the search for the optimum or 'best' methods of work organization in industrial undertakings. The chief proponent of Unitary theory was F.W. Taylor who felt that individual workers could be related to their work rather like machines. Taylor's time and motion study and piece-rate compensation system was thought to provide maximum satisfaction to workers interested in high wages and the employers interested in low labour costs. This was expected to secure harmonious cooperation of both groups (Ikeanyibe & Onyishi, 2011).

The Unitary approach perceives the organization as an integrated and harmonious whole with ideas of one family. The management and other members of staff share a common purpose, emphasizing mutual cooperation, individual treatment, team work and shared goals. This is typical in organizations where all the parties have a common mission to accomplish and every effort is tailored towards meeting its mission (Ikeanyibe & Onyishi, 2011).

Besides, unions cooperate with management and management's right to manage is accepted because there is no "we they" feeling. Furthermore, Unitary perspective has a paternalistic approach where it demands loyalty from all employees. Organizations which are not unionised embrace paternalism as management takes centre stage of making unilateral decisions, which are presumed to be to the advantage of employees which the researcher disagrees with (Aswathappa, 2009).

In Unitary approach, trade unions are deemed unnecessary since the loyalty between employees and organizations are considered mutually exclusive, where there cannot be two sides of industry. Work place conflict is seen as a temporary aberration, resulting from poor management and from employees who do not mix well with organization's culture. The underlying assumption is that everyone benefits when the focus is on common interest and promotion of harmony. Hence, conflict in form of strikes is not only regarded as unnecessary but disruptive (Aswathappa, 2009). Though this scenario is expected in organizations, conflict of interest in Kenya like elsewhere in the world exists and each party strives to meet its own interests.

According to Rose (2008) trade unions under the unitary perspective are regarded as an intrusion into the organization from outside, competing with management for loyalty of employees. Hence, the approach tends towards authoritarianism and paternalism. It is indeed pro-management biased and emphasizes consensus and industrial peace. The major weakness of Unitary theory is the lack of realization that there are power inequalities between employers and employees which generate diverse kinds of conflicts (Kessler and Purcell, 2003).

Hence, managers often exert greater power over employees in determining work conditions and instead of workers acting as owners of power too, they tend to accept decisions of the management and submit to the former's power. Besides, conflict is treated too negatively and not seen as a force that reflects inequalities and which can be used as opportunity to regain work harmony. In fact, some kinds of conflict are good for organizational development (Dzimbiri, 2008). In addition, it is unclear how individual worker sentiments can be adequately integrated into the organizational objectives because the Unitary perspective is very normative and lacks the description of how common interests can be identified and shared across organizations (Ackers & Payne, 1998).

### **2.2.2 Pluralism Theory**

The Pluralist view resulted from the Chicago experiment by Elton Mayo and associates at the Hawthorne work of the Western Electric Company (1927-1932). The Hawthorne works significantly contributed to the attention paid by various states to trade unionism. The experiments produced a reaction against the individualistic and over-rational emphasis of scientific management proponents. The implication of the study was that workers could no



longer be regarded as socially isolated individuals acting independently of the work mates to maximize income (Ikeanyibe & Onyishi, 2011).

The theories on Pluralism evolved in the mid-sixties and early seventies when England witnessed a dramatic resurgence of industrial conflicts. The recent theories of Pluralism emanate from British Scholars and in particular Allan Flanders who is regarded as the Chief theorist of Pluralism. He was a senior lecturer at Oxford School from 1949. The Pluralistic approach perceives organizations as being made up of powerful and divergent sub groups, each with its own legitimate loyalties, set of objectives and leaders. This is evident in state corporations which have management and labour unions each pursuing different interests (Ikeanyibe & Onyishi, 2011).

The Pluralists view organizations as coalitions of competing interests and trade unions as legitimate representatives of employees' interests. Besides, the stability of relations is viewed as a product of concessions and compromise between management and union. Legitimacy of management's authority is not automatically accepted. Conflict between management and workers is understood as inevitable and viewed as conducive for innovation and growth which the researcher agrees with (Aswathappa 2009).

Moreover, employees join unions to protect their interests and influence decision making by the management. In Pluralistic view a strong union is not only desirable but necessary. Similarly, societies' interests are protected by state intervention through legislation and industrial tribunals which provide orderly process for regulation and resolution of conflicts. Industrial conflict is inevitable and it needs to be contained within the social mechanism of collective bargaining, conciliation and arbitration (Singh & Kumar, 2011). This description is

found in Kenya's industrial arrangement, but the system appeared not to have worked as expected.

According to Hyman (1975) in Chidi and Okpala (2011), Flanders did not give conflict management proper analysis. He focused on how any conflict is contained and controlled rather than on the process through which disagreements and disputes are generated. Gennard and Judge (2002) have argued that Pluralists' perspective dwells on rules and procedures and disregards the processes that also contribute to the resolution of conflicts.

For instance in Industrial Relations, laws can be made that impose certain ways of resolving workplace conflicts. The rules, however, cannot adapt to emerging and different workplace conditions. Besides, Kitay and Marchington, (1996) contend that the pluralist perspective is incapable of realizing that the state also represents commercial interests and not just public interests, which can lead to the inefficiencies of collective bargaining process.

### **2.2.3 Marxist Theory**

The Marxist theory was developed by Karl Marx. His writings of 1818 to 1885 were very critical to the development of labour movement. He elevated labour by arguing that the capitalists' wealth is created by exploitation of surplus labour. Marx advocated that for the exploitation of labour to cease, workers must seize and own the means of production. Marx's thesis, theoretical and practical commitment of his followers led to the great Socialist Revolution and labour union movement that dominated the politics and economic thinking of the greater part of 20<sup>th</sup> Century (Ikeanyibe & Onyishi, 2011).

Marxists like Pluralists regard conflicts between employees and employers as inevitable. Marxists however see conflict as a product of the capitalist society. The adversarial relations in the workplace are simply one aspect of class society. The Marxist focuses on the type of society in which an organization functions. Conflicts arise not just because of competing interests within the organizations but because of the division within the society between those who own or manage the means of production and those who have only their labour to offer. Industrial conflict is thus seen as synonymous with political and social unrest which the researcher concurs with (Aswathappa 2009).

Trade unions are seen both as labour reaction to exploitation by capital, as well as a weapon to bring about a revolutionary social change. Hence, concerns with wage- related disputes are secondary which the researcher disagrees with, since wage related disputes dominate industrial actions in Kenya and world over. Indeed, an adequate wage is a motivation of employees joining organizations. Moreover, trade unions focus on improving the position of workers within the capitalist system and not to overthrow which the researcher agrees with (Singh & Kumar, 2011).

Besides, Ikeanyibe and Onyishi (2011) have explained that Marxists regard state intervention via legislation and the creation of industrial tribunals as supporting management interest rather than ensuring a balance between the competing groups. Hence, enterprise bargaining, employee participation, co- operative work culture that help to usher in cordial industrial relations are not acceptable to Marxists. Such initiatives are regarded as nothing more than sophisticated management techniques designed to reinforce management control and the continuation of the capitalist system. This view is supported by (Fiorito, 2001) who has

argued that such practices have brought about HRM- Union substitution consequently reducing employee unionization in United States of America.

Parkin (1979) in Frege, Kelly and McGovern (2011) has criticised Marxist ideology and argued that conflict is an important feature of the employment relationship, but it is not always the result of class struggle. The assumption that abolition of private property would somehow end the division of labour and thereby eliminate intra-class disputes over pay differential is highly criticised. In addition, the preoccupation with social class, means that other kinds of social divisions with the labour market notably those based on ethnicity and gender, cannot easily be explained through a Marxist framework. Hence, the insistence of conflict is endemic within capitalism. What is worth noting is that industrial conflict is not irrational, irresponsible or illegitimate, but rather the product of irreconcilable contradictions, within capitalism (Frege, Kelly & Mc Govern, 2011).

#### **2.2.4 Systems Theory**

The Systems Theory was developed by John Dunlop a sociologist in 1958. Dunlop is credited with the application of the Systems Approach to Industrial Relations (IR). He visualized IR to be a systematic construct namely, as a sub-system of society. Systems Approach essentially comprise four processes which include input acquisition, input transformation, output and feedback. An organization is considered an open system, existing in a context called environment. The organization influences its environment as well as gets influenced by the environment (Singh & Singh, 2011).

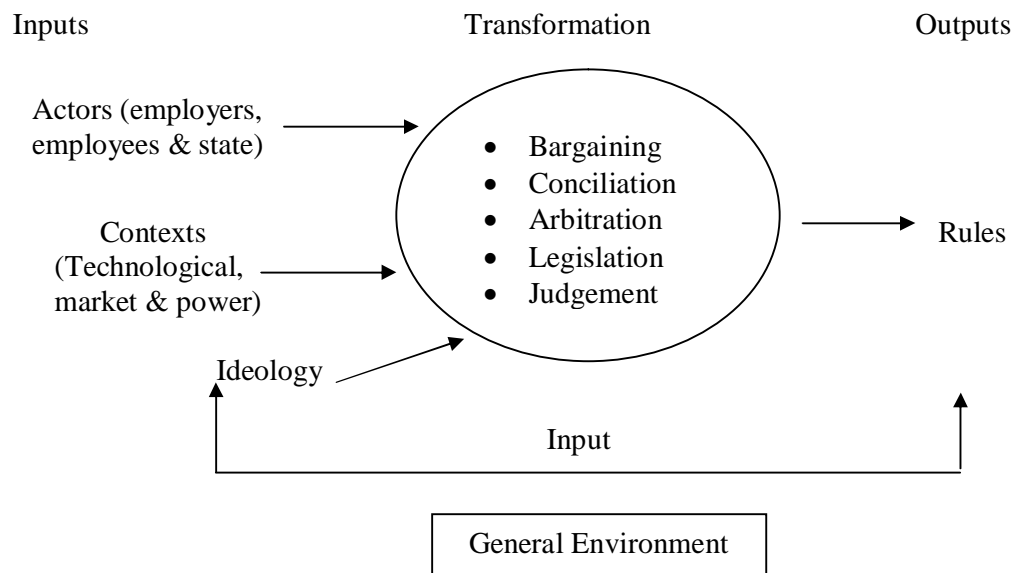
The environment may comprise social, political, technological factors and depends on organizations for essential supplies and to receive its outputs. The environment also influences the various processes of acquisition, transformation and delivery of outputs. IR system at any one time in its development is regarded as comprising certain actors and body of rules created to govern the actors at the workplace and work community (Singh & Kumar, 2011). This arrangement exists in Kenyan Industrial Relations.

Creation of rules according to Dunlop is the output that an IR System seeks to create. Rules in this context comprise one, rules governing all forms of compensation. Two, the duties and performance expected of workers including rules for maintaining discipline. Three, rules defining rights and duties of employers and employees including legislation and terms of collective agreements. Four, procedures for establishing rules and five procedures for application of rules (Sivarethinamohan, 2010).

The rules are the output of IR. In the input transformation and feedback processes and their interaction, three 'actors' are involved. They include managers and their organizations, workers and their organizations and state and its agencies concerned with workplace. The actors in Kenyan context include the Kenyan Government represented by the Ministry of Labour, the employers and employers' organization and the Trade Unions. The actors do not function in isolation but in an environmental context. The technical context of workplace relates to how work is organized and the state of technology that is whether it is labour or capital intensive (Ikeanyibe & Onyishi, 2011).

The market context or the revenue – related context comprises product demand, market growth, number of competitors and profit margins. The power context is how power is

distributed among the three ‘actors’. The three ‘actors’ hold common belief that employees are entitled to demand for a minimum quality of living. Besides, discussion and bargaining must be the preferred way to solve disputes and that the state does not have a limited but clear roles as an arbiter in certain matters (Singh & Singh, 2011). The Industrial Relations Model envisaged by Dunlop reflects the existing Kenyan Tripartite Consultation System. The Dunlop's System Model is shown (see Figure 2.1).



**Figure 2.1:** Dunlop’s Systems Model

**Source:** Singh & Singh (2011)

The heroic assumption by Dunlop that the ideology of Industrial Relations System must be one or compatible inspite of the fact that each actor has its own ideology has been challenged that if the system of industrial relations is so well integrated, and if the goals and values of the actors are so much in agreement, how is it that industrial conflicts occur at all? This assumption is spurious in reality (Frege, Kelly & McGovern, 2011).

Besides, Dunlop's actors being institutions but not persons is found abnormal as it creates a tendency to conceive Industrial Relations solely in terms of relationships between agencies and organizations, rather than between people. Hence, it is a mechanical and depersonalised approach to social analysis ( Frege, Kelly & McGovern, 2011).

### **2.2.5 Feminist Theory**

The feminist theories frame their analysis by noting the role of patriarchy in capitalist modes of economic organization. They postulate that men act in ways that confine women to inferior positions. They are opposed to Marxist view that class - based value system serves to legitimize the dominate position of capitalist interests. Instead it is the gender-based value system that serves to legitimise the dominant position of men's interests, one of which happens to be ownership and operation of the means of production (Abbott, 2006).

Feminist theory further argues that the dominance of patriarchy has pervaded history and seen the arrangement of society and its institutions to best reflect the interests of men. This patriarchal dominance has propagated notions that link appropriate forms of behaviour to biological sex. The notions have served to socialize women into accepting their subjugation in a manner akin to Marx's concept of 'false consciousness' (Abbott, 2006).

Hence, liberal feminist theories seek to establish women as the equal of men and to this end argue for the need for policy reform, dispensing of sex stereotypes, removal of barriers to advancement in all areas of social, economic and political life. It thus accepts the existing institutions of society but seeks ways of improving the position of women through reforming actions that open up their opportunities and reduce gender-based prejudices and stereotypes.

In the field of employment this can take the form of equal employment. Opportunities and affirmative action, legislation and management programmes (Kanter, 1983).

However the radical feminist theory sees no amount of reform capable of changing the institutions and practices to reconfirm the dominance of male interests and power. Hence, a new set of arrangement is required where women would function separately and establish organizations that practice inclusive forms of decision making, communal leadership, flexible and interactive job designs and equitable distribution of income (Calas & Smircich, 1996).

### **2.2.6 Comparative Theory of Employment Relations**

Comparative Employment Relations involves an explicit comparison of employment relations systems across two or more countries with the intent of identifying common patterns and theoretical generalizations. Comparative theory of employment relations has enjoyed a resurgence of interest and scholarly research in the recent past. The significant reason is the rising tide of globalization and its present and future impact on employment relations institutions and practices (Kaufman, 2009).

Due to globalization the furthest corners of the earth have become interconnected in an international division of labour and market exchange. Theorising in comparative employment relations entered a relatively inactive period in 1970's and early 1980's. The ice was broken by Michael Poole in 1986 when he published a book entitled *Industrial relations Origins and Patterns of National Diversity*. Poole (1986) in Kaufman (2009) defines Employment Industrial Relations (EIR) as all aspects of employment relationships. According to him, employers, employees and the state are the three principal actors. He also views divergent



interests between employers and employees that Characterise the employment relationship in both spheres of production and distribution.

Kaufman (2009) has explained that the task of Comparative Employment Relations theory is to identify the variables that generate conflictive interests and the institutions and practices designed by the three actors to ameliorate and resolve the conflicts. Poole identified the state of economic development, the strategies of the actors, cultural values and ideologies, the nation's political - economic structure, the power of the actors and the institutional structure of firms, employment relations organizations as primary explanatory variables.

However, Barry and Wilkinson (2011) have criticised the Comparative Employment Relations theory. That its development has only made modest and incomplete progress. They have dismissed the theory as an interesting area of inquiry on the ground that employment relations institutions are substantively unimportant, mostly anti-market and transitory from a long-run perspective.

### **2.3 CONCEPTUAL FRAMEWORK**

Conceptual framework as a hypothesized model identifies the concepts under study and their relationship. It expresses the independent variables, which influence the dependent variable. If one variable depends on or is a consequence of another variable, it is termed as a dependent variable and the variable which is antecedent to the dependent or that makes it to change is termed as independent variable (Kasomo, 2006).

An intervening variable comes between the independent and dependent variables. The logical status of an intervening variable is that it is recognised as being caused by independent variable and as being determinant of the dependent variable. The independent variable influences the intervening variable and the intervening variable influences the dependent variable (Mugenda & Mugenda, 1999).

The conceptual framework of this study was derived from Systems Theory advanced by Dunlop. According to the theory, organizations exist in an environment which comprises social, political and technological factors. The environmental factors influence the acquisition, transformation and delivery of inputs (Singh & Kumar, 2011). Economic change as a factor of tripartite consultation was picked from the theory as an independent variable.

Creation of rules is the output of IR system. The rules among other roles define the duties of the social actors. The effective performance of the roles influence tripartite consultation (Sivarethinamohan, 2010). Hence, the roles of social actors were picked as another independent variable of the study. The system comprises among other factors input transformation. The transformation is achieved through the tripartite activities such as union recognition, bargaining, conciliation, arbitration, legislation and judgment (Singh & Kumar, 2011). This led to the choice of tripartite consultation system as an independent variable.

The theory further holds that the actors interact with each other, negotiate and use the economic and political power or influence in the process of determining rules. Successful consultation depends on the balance of bargaining power between the parties (Shen & Benson, 2008). Hence, the choice of relationship between partners as an independent variable. Therefore, through effective consultation there is reconciliation of interests of



issues related to the world of work namely, workers' rights and conditions related to production. The factors have been dominant themes of dialogue between employers, employees and governments acting as facilitators, mediators, regulators and law enforcers (Ishikawa, 2003).

The FKE is the premier employer's organization in Kenya, established in 1959 under the Trade Unions Act Cap 233. It represents the collective interests of employers in Kenya. Its membership includes employers in the private and public sectors including state corporations, local authorities and employers associations. FKE provides a forum for employers in promoting sound industrial relations and observance of fair labour practices. In addition, it provides good management practices and develops sustainable capacity and competence among its members (Nyangute, 2002).

Employers have a role to influence the policy and legal environment relative to labour-related issues. This makes the environment conducive to business growth and development. This role is discharged through tripartite dialogue and influencing their outcomes and bipartite dialogue separately with unions and governments. Besides, employers provide direct services to members. Hence, employers should be viewed as both lobbying and service organizations. Their services are delivered through policies formulated by professionally skilled staff. Furthermore, employers are expected to seek to achieve a broad consensus on national goals and on how best to achieve them. Where there is no agreement, the policies, legal framework and other rules are subject to substantial disagreement (Nyangute, 2002).

As the leading employers' voice in the labour market field, FKE and individual employers play an important role of negotiating and signing of collective agreements on behalf of its

member companies at both industrial/sectoral level and at company level. Other important services provided by the Federation include training and development on human resource management, management in periods of economic difficulty and instability and strategic responses to the impact of Liberalization on the competitiveness of Kenyan industries (Fashoyin, 2001).

As a signatory to the Industrial Relations Charter of 1980, FKE committed itself to perform various responsibilities. Each employer's organization, group of employers or individual undertakings is required to accord recognition to trade unions appropriate to their industries as negotiating bodies for their employees. The employers committed themselves not to interfere with the rights of employees to enroll or to continue as union members, not to discriminate, restrain or coerce any employee because of recognized activity of trade union.

Moreover, in the Industrial Relations Charter of 1980, FKE bound itself that employers shall not victimise employees or abuse their authority, not use abusive language, respect the right of employees to organize and bargain collectively, assist in settlement of grievances, implement awards, agreements, decisions, and orders speedily. Furthermore, employers are expected to allow employees right to approach the management on personal problems. Finally, employers are required to impress upon their staff the contents of the Charter and take appropriate action to reveal its content and give full publicity on their notice boards. One of the motivations of the study was to establish whether management of state corporations had performed the roles and whether their performance or non performance had influenced organizations' performance negatively or positively.

The Ministry of Labour is the key government department responsible for the initiation, elaboration and implementation of government labour policy, including laws and general regulation of Industrial Relations. The Government through the Ministry is responsible for promoting and enforcing the appropriate legal framework by ensuring social partners' independence and fundamental rights, such as freedom of association and the right to bargain collectively. This is stipulated in the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87) and the Right to Organize and Collective Bargaining Convention, 1949 (No. 98) (Ishikawa, 2003).

The Labour Institutions Act 2007 requires the Ministry's Labour Department to serve the tripartite bodies such as the Labour Advisory Board, responsible for employment and labour registration, and ILO matters including ratification of conventions. It is also responsible for the National Tripartite Consultative Committee set up under the Industrial Relations Charter.

Besides, in respect to wages, the Ministry processes and analyses data and information on wage trends in the unorganised sectors. It also facilitates the General Wages Advisory Board and all other wage councils, tripartite and social dialogue institutions responsible for policy formulation, implementation and monitoring. Indeed, dispute settlement is a key function of labour administration through conciliation and investigation of labour disputes under the Labour Relations Act 2007. A quest made to be fulfilled by this study was to establish whether the Ministry had played its roles.

The government has an obligation to ensure speedy settlement of disputes at all stages, enter into joint consultation with FKE and COTU on tripartite basis on all matters affecting employment policy, labour administration through established statutory boards. Moreover, the government committed itself as a matter of policy to promote industrial trade unionism,

and the Registrar of Trade Unions to avoid overlapping of trade unions' sphere of activity. Hence, before a trade union is registered, there should be a recommendation from COTU, FKE and Minister of Labour. Furthermore, the Ministry is required to display in conspicuous places in the Ministry's offices the provision of the Charter and impress upon the officers its contents (Fashoyin, 2008).

The governments and labour administration systems are responsible for promoting consultation with social partners and taking the appropriate measures to ensure that such consultation is regular and effective. Besides, they are required to create specific procedures to ensure and foster participation by the social partners. Indeed, while the process of social dialogue is related to the principle of good governance, it implies listening and above all exchange and the active involvement of all parties. The governments must take part in tripartism as participant and as partner. This encourages exchanges, carrying forward of discussions and finding support for their policies and actions. Indeed, states represent major employer and as such must have in place mechanisms to engage in social dialogue with their own employees (Lecuyer, 1997). These arrangements and state interventions are prescribed in Kenya's Industrial Relations framework.

According to the Industrial Relations Charter of 1980, trade unions committed themselves to play the following responsibilities: to discourage any breach of peace or civil commotion by union members, not to engage in union activity during working hours unless provided by law, discourage practices such as negligence of duty, damage to property, insubordination, abusive language, and avoid careless operations.

Besides, in the Charter, unions through COTU(K) bound themselves to display in conspicuous places in union offices the provisions of the Charter, and impress upon their officers and members the content of the Charter. Moreover, they are required to maintain a high degree of union membership in enterprises. The study was out to find out whether unions had played these roles and whether the roles had influenced the performance of state corporations.

Nzuve (2007) has elaborated the various roles of trade unions which include; securing for workers fairer wages in the light of the cost of living and prevailing standards; improving workers' working conditions by securing shorter working hours; better working facilities; assuring workers of a share of increased profitability of the organizations by providing adequate payments for the job done; protecting workers' interests and safeguarding them against exploitation; ensuring workers job security by resisting retrenchment and providing a medium through which workers' interests and grievances can be expressed. It is worth noting that these roles can only be performed in an atmosphere of harmony. However, unions have been viewed as synonymous with confrontation and disputes. Hence, the motivation was to establish whether unions had played the stated roles well, and whether they had influenced performance of state corporations.

Waweru (2007) has explained that trade unions engage in collective bargaining. The nature of collective bargaining is that workers do not negotiate individually but collectively through trade union representation. Hence, collective bargaining can only take place where there is a union recognized by management. The study was meant to establish whether unions had been recognized by management, collectively bargained and what challenges they may had faced and their solutions.



In the Industrial Relations Charter of 1980 the Government, COTU(K) and FKE agreed that they were to collectively seek to bring to an end strikes and lockouts which had arisen from or caused by any questions, differences or dispute, contention, grievances or complaints with respect to work, wages or any matter. However, though the parties bound themselves there had been an increase of strikes even in essential services hence, a motivation of the study to establish whether the parties had been playing their roles, and if not the causes and the solutions.

### **2.3.2 Tripartite Consultation System**

Antonellis (2012) has explained that the first and foremost step in establishing the relationship between a trade union and an employer or a group of employers is the Recognition Agreement. The agreement provides for the recognition of a trade union as the body entitled to represent the interests of employees. The agreement formally establishes the relationship between a trade union and the employer relating to recognition and negotiating procedures. Besides, it sets out matters on which the employer concedes the right of negotiation to the trade union. One of the motivations of the study was to establish whether unions had been recognized.

Aluchio (1998) has pointed out that it should be understood that recognition right is a very sensitive issue in Kenyan Industrial Relations. Even after recognition rights have been settled, there had been always infighting within unions, culminating in new groups which continuously sought recognition rights. The apparent infighting was basically caused by greed for power and material wealth among union officials and the desire to enter into national politics through labour movement. The researcher concurs with Aluchio that infighting in unions and power struggles had been witnessed, hence, derailing the real

intention of unions. Besides, such infighting by unions only helps employers to consolidate their positions.

The Labour Relations Act 2007 requires that an employer, group of employers or an employer’s organization that has recognized a trade union to conclude a collective agreement setting out terms and conditions of service, for all unionisable employees covered by the Recognition Agreement. The study sought to establish whether recognized unions had concluded collective agreements.

The Economic Survey 2011 has disclosed decline in the number of Collective Bargaining Agreements to 266 in 2010 compared to 297 in 2008. This is supported by statistics of registered Collective Bargaining Agreements in the Industrial Court Register which had indicated a decline. Hence, the motivation of establishing reasons of such decline. The registered CBA’s in the last ten years are shown (see Table 2.1).

**Table 2.1 Registered CBAs from 2000 – 2010**

YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
No. of registered CBA’s	316	247	304	283	297	275	344	317	297	324	266

**Source:** CBA Register of the Industrial Court

Waweru (2007) highlights the bargainable issues covered in collective bargaining as including the following:- union security through check off system, access to members or potential members, rights and duties of shop stewards, leaves and union activities; wage

scales such as basic pay and wage increases, housing allowance, piece rates, other incentive methods, acting allowance and bonuses; hours of work namely; overtime and rates of pay, shift work and rest periods; types of leave – annual, compassionate, maternity and sick leave.

Other bargainable issues include redundancy, training, medical treatment, warning system, letter of appointment, certificate of service, gratuity and retirement benefits, promotion procedures, casual employment, termination of employment, effective dates and duration of the agreement (Aluchio, 1998). However, the researcher contends that though these issues are well elaborated and reflected in collective agreements; they had been causes of grievances and industrial action. Hence, the concern was how binding and enforceable collective agreements had been.

Waweru (2007) has reiterated that a collective agreement binds all parties to the agreement and should be incorporated into the contract of employment of every employee covered by the agreement. Thus, every collective agreement should be written and signed by the chief executive officer of any employer and the general secretary of any trade union that is party to any agreement. One of the motivations of the study was to establish whether the agreements had been fully implemented as expected.

The Labour Relations Act (2007) requires that every collective agreement should be submitted to the Industrial Court for registration within fourteen days of its conclusion. If an agreement does not conflict with the law and complies with all directives and guidelines concerning wages, salary levels and other conditions of employment, it is registered by the Industrial Court, which maintains a register of all collective agreements. A collective agreement becomes enforceable and shall be implemented upon registration. It is worth

noting that though well articulated, this had not been the case and hence a motivation of the research to establish the reasons.

The Labour Relations Act 2007 provides for submission of grievances for settlement outside an undertaking by the Minister of Labour. The Minister of Labour intervenes in Industrial disputes in the following ways:- consultation with a tripartite committee; arrangement of determining methods of conciliation; arrangement for furnishing Industrial Court with a copy of every collective agreement that has been lodged with him or her by parties; arrangement for appointment of a Board of Inquiry to look into the matter(s) related to any trade dispute; arrangement to declare any strike or lockout, whether actual or threatened unlawful and arrangement for appointment of an investigator. The study was motivated to establish whether the Ministry of Labour had played the prescribed roles.

Aluchio (1998) has observed that in so far as the state is concerned these arrangements are what ostensibly may appear as a good intervention practice by the Government in Industrial Relations. However, he reiterates that it should be understood that the arrangements are not only powerful variables in Industrial Relations process but also a dominant source of delay, frustration and hopelessness on the other parties, effectively militated by concomitant red-tape and apparent inexperience of some officers in the Ministry. The researcher strongly feels that well elaborate machinery is in place to handle disputes which inevitably arise, but what worries is what leads to appropriate measures not being taken in goodtime to evade strikes let alone ending then.

The Labour Relations Act 2007 provides for the Minister to submit trade disputes for final settlement to labour courts or tribunals. Such tribunals are expected to be manned by

impartial and competent personnel with adequate knowledge in labour law and labour practices. The tribunals are part of the Judicial System and are vested with appropriate powers to adjudicate rights and disputes with authority and finality. The Kenya Industrial Court is a replica of such arbiter institutions (Labour Institutions Act, 2007). However, although the Court had been passing awards between aggrieved parties, the awards may not have been implemented fully, by employers. Hence, the motivation to determine the cause. The government had also been reported to interfere with the awards, hence defeating the purpose of establishment and function of the Court.

The Industrial Court Disputes Register has shown an increase in the number of disputes reported to the Court. This means that though the Court is supposed to be used as the last option, the other mechanisms of consultation may not have served the parties well. The study was to interrogate the established system to establish whether it has worked and if not the reasons and remedial measures to be taken. The registered disputes for the last ten years are presented (see Table 2.2).

**Table 2.2 Registered Trade Disputes From 2000 to 10/2011**

YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Oct 2011
Registered disputes	127	113	100	122	131	163	134	159	226	851	1624	1786

**Source:** Industrial Court Disputes Register

### **2.3.3 Economic Change**

The term economic change is used in its broad sense to mean approaches taken on the market and the actors in it. The economic aspect emphasizes decisions about issues as diverse as globalization, inflation, privatization, control measures, budget deficits, income distribution, unemployment, labour market participation of migrants and parents of young children (Trebilcock, 1994 in clot 2004).

ILO encourages tripartism within member states as well as promoting social dialogue that involves trade unions and employers in formulation and implementation of national policy on economic affairs affecting labour. Indeed, the economic doldrums and challenges of democratization in many parts of the globe have led to the ILO to appeal anew for a revitalised process of social dialogue. It should be further noted that, the overall economic situation in a country clearly has a significant impact on tripartite dealings (Ghellab, Varela & Woodall, 2011). The research was out to establish how the hard economic situation in Kenya had been handled by the partners, and how it had influenced tripartite consultation and consequently performance of state corporations.

Trebilcock (1994) is emphatic that deteriorating economic conditions tend to dampen the social partners' enthusiasm for tripartite cooperation, but a shared sense of temporary crisis may push them to return to consultation. This could be a situation in Kenya currently though the parties appear not to have viewed the situation as a temporally one. May be a leaf needs to be borrowed from Ireland which had an interruption after the conclusion of tripartite national understanding. This was followed by an adoption of a new centralised agreement namely, the programme for National Recovery in 1987. Kenya may adopt a National Recovery Programme 2012, to address the current economic crisis.

Clott (2004) has argued that as a result of globalization the workforce in many organizations is made up of part-time, temporary, freelance or independent contracts. The basic idea about outsourcing is that if a firm does not specialize in a certain function, which it does not consider core, it will outsource the work and therefore be able to offer at a better cost and quality. Initially outsourcing was only done for the peripheral services such as janitorial services, but now outsourcing has been extended to the core functions such as final product assembly, customer service, financial services and technological services. The researcher agrees that this is a common practice in many state corporations.

Gachunga (2009) has further asserted that Business Process Outsourcing (BPO) in Kenya includes call centres, animation, software development, knowledge processing, data processing and transcribing. A case in point is the Telkom Kenya which retrenched its more than 10,000 employees, with unique specialized skills in telecommunications and requested them to form companies from which the corporation could outsource the services it needed. Moreover, Safaricom, a mobile telephone service provider in Kenya, made a strategic decision to outsource its call centres and concentrate on the core business. This decision was made to cope with cut throat competition and it is an idea brought about by globalized economy which the researcher concurs with.

Ikeanyibe and Onyishi (2011) have explained that economic competition and shareholder activism has motivated large firms to embrace the 'lean and mean' conception of control thus implementing downsizing. The 'lean and mean' conception that drives globalization looks at managing competition using small size and simple structures to increase performance. It also focuses on restructuring and re-bureaucratization and emphasizes on returning to core competences through de-conglomeration and de-diversification as emphasized by Flingstein (1996). This threatens labour union interests which protect veteran members and would insist

retention of status quo. Consequently, employees in such organizations have low control over the continuity of their employment when firms execute layoffs.

Manda (2004) has explained that due to globalization organizations should become more competitive. Hence, countries need to dismantle their trade barriers, abolish their legal monopolies, privatise their enterprises and reduce overstaffing in their bloated bureaucracies. These reforms may lead to massive loss of jobs and therefore increased unemployment, a situation experienced in Kenya. However, delocalization of production to developing countries could lead to expanded job opportunities and raise workers' earnings. The problem is that the new jobs may not be as good as those lost in protected sectors. This strategy was embraced by Kenyan Public Service under Structural Adjustment Programmes (SAPs).

Privatization can be defined as the process of transferring productive operations and assets from the public to the private sector. From the structural perspective, it represents marketization of enterprises. This is achieved through ownership changes, organizational changes and operational changes. Indeed, according to World Bank and International Monetary Fund (IMF), privatization is only deemed to have occurred when the government reduces its shareholding to 25% or less (Oyieke, 2002).

Kulasereka (2000) has argued that the system of state enterprises was established to provide support. Support for consumers in the form of better products and services at less cost. Support for workers in the form of rewarding and meaningful employment. Support for the government in the form of revenues. However, many state enterprises can no longer provide this support. Infact, they are in need of support themselves. Support from the consumers who have to endure poor services and poor value. Support from the workers who have to toil for



low wages and poor prospects. Support from the government that has to provide endless subsidies and costly protection mechanisms. This support had been provided by the Kenyan Government.

Kulasereka (2000) further adds that in many countries state enterprises are in very poor state. Political interference, corruption, lack of vision, a death of skills, inadequate investment, all leading to huge losses and government spending millions subsidizing poor management. Consumers pay millions for the high price of inefficiency, workers lose millions as a result of low wages and poor prospects. Hence, it is these unsettling realities that make a strong case for privatization in most developed and developing countries.

Kulasereka (2000) is emphatic that privatization is a critical component of reforms in most countries. The generally accepted opposition on privatization derives from long experience with failed attempts of reforming public enterprises. He is emphatic that for many years governments have been taking effort to improve state enterprises' performance with limited success an assertion supported by the researcher.

Buchs (2003) has pointed out that one of the most common fears associated with privatization world wide is certainly job destruction. Given, the size of the public sector in sub-Saharan Africa, similar fears have and continue to be nurtured. Hence, employment has been adversely affected. Indeed, retrenchment packages have become a serious issue. Although a general trend is a continuous decline in employment levels over time, there are few cases where employment increased in years following privatization, reflecting good performance and new business opportunities. Buchs is emphatic that in the process of privatization,

expected pre-sale “cleaning up” of many parastals, where overstaffing and redundant labour force existed was a major issue.

Workers and trade unions opposition to privatization has been a major factor behind the delay of the privatization process in a number of countries. The opposition could be attributed to the effects of privatization such as labour turnover, adverse effect on employment, creation of new political patronage opportunities, leading to numerous corruption scandals hence damaging its credibility (Buchs, 2003).

The Sessional Paper No.4 of 1991 on Development and Employment in Kenya decried the continued deterioration of the performance of state corporations. The Paper underlined the need to implement privatization and divestiture of state corporations urgently in view of the management problems afflicting the parastals leading to poor return on government investments, the existence of a larger pool of qualified manpower, availability of more indigenous entrepreneurship to permit private sector led economy and the need for non-tax revenue for the government.

Irungu (2011) has indicated how inflation in Kenya had affected the consultation of the tripartite partners. He asserted that a standoff of sorts had emerged with COTU demanding a 60 percent increase in minimum wages, the government offering a 10 percent review and the FKE saying no increase was justified because investors as consumers of goods and services had been hit hard by higher prices of raw materials. COTU had threatened a nation-wide strike if the minimum wage in Nairobi which stood at Kshs. 7,347 had not been revised by a satisfying margin.

Besides, employers threatened to react against the increase in the minimum wage by raising the prices of consumer goods and services and further moving workers on permanent and contract status to casual terms. Moreover, Kenya Association of Manufactures (KAM) threatened to change their recruitment policies in response to the wage award. This would lead to about eight million employees in the formal sector being adversely affected. Consequently, a new round of layoffs could exacerbate the high unemployment rates that currently stands at 21 percent among the youth, excluding those in colleges, consigning more to poverty ( Muia, 2011).

Employers then recommended any future wage negotiations to be based on empirical research that takes into account the effects of a wage increase on production costs. Besides, employers requested to be allowed to negotiate with their own workers as apposed to a blanket hike in wage. This demand presents a proposed shift by employers from collective negotiation on wages to individual employer-employee wage negotiations. The FKE expressed a feeling that an increase in minimum wages which was announced during 2011 Labour Day was to end up aggravating the plight of workers with manufactures threatening to pass on increased payroll costs to consumers in the form of higher commodity prices (Irungu, 2011). This could be a felt effect in the current high commodity prices in Kenya.

The Economic Survey 2011 has indicated real wages as a measure of inflation. Hence, adjusted pay remains a key indicator of employee welfare and that in many countries forms the basis of pay bargains between trade unions and employers. However the concern should not be about inflation or the cost of living but on productivity and advised that without productivity improvement there would be no money to be shared, inform of increase in employee salary.

Irungu (2011) has explained that the decline in pay by nearly 20 percent in the past three years without big trouble in the labour market points to a maturing of employee relations in favour of legal disputes resolution mechanism. However, he has added that some labour market observers have however argued that the relative labour market calm in the face of serious wage erosion shows the extent to which trade union power has declined in Kenya, which the researcher concurs with.

The Economic Survey (2011) confirms the loss of union power and decline in the number of Collective Bargaining Agreements to 266 in 2010 compared to 297 in 2009 and that more than half of companies surveyed reported a drop in the number of employees covered by unions. Indeed, pay negotiations between trade unions and employers are expected to become increasingly difficult with the recent research findings showing that the most profitable companies around the globe are those that have linked remuneration to productivity.

### **2.3.5 Relationship Between the Social Partners**

The *Second General Survey of the 1976 Convention* explains that since the ILO inception, essential role had been the pursuit of cooperation between governments, employers and workers in furtherance of social justice by regulation of labour matters. The sound functioning of consultation in relation to International Labour Standards presupposes that it is supported by analogous dialogue at National level. The study sought to establish whether such a dialogue exists between partners.

The *Survey on the 1976 Convention* further points out that the nature and form of procedure for consultation has to be determined in accordance with national practice after consultation with the representative organizations. Such organizations have to choose their representatives

freely and be represented freely on an equal footing on any competent body and that, consultations have to be undertaken at appropriate intervals fixed by agreement, but at least once a year.

Haddad (2002) has emphasized that representation on an equal footing does not mean imposing strict numerical equality, but rather ensuring substantial equal representation on the respective interests of employers and of workers so that their views are given equal weight. Numerical equality may be difficult to achieve particularly where there are many representative organizations. Besides, numerical equality is not essential in the case of procedures which being consultative do not give rise to a vote which the researcher concurs with.

The *Second General Survey on the 1976 Convention* has reiterated that the government is deemed to have a unique position compared to those of social partners irrespective of the actual number of its own representative. In this regard consultation with the meaning of the Convention can take place within bipartite bodies which have been called upon to examine the government's position. It is true that in Kenya the government acts through the Ministry of labour as a third party in case of disputes between employers and unions. But still the study was out to establish how effective the bipartite consultation had been.

Singh and Singh (2011) have emphasized that a fundamental assumption of participation by representatives is that of societal pluralism in which autonomous interest groups operate within a sovereign state. Groups of divergent interests recognize each others co- existence while promoting their own distinct views. However, it is ultimately the state that lays down the legal framework in which the groups are to conduct their bipartite relations. The

researcher concurs with Trebilcock but further had a motivation to establish the harmonization of the diverse interests of the parties in consultation.

Tripartite consultation involves a reconciliation of interests whereby governments, employers and trade unions despite their inevitable differences find areas of common accord to obtain medium and long-term advantage for themselves and society as a whole. This is ultimately based on an ideology that advocates a certain accommodation between distinct interests, implicitly rejecting both the doctrine of class struggle and unrestrained capitalism (Kelly, 2002).

Jerome and O'dowd (2005) have pointed out that adversarial approach developed on the basis of certain assumptions held by employers and unions. That employers would not willingly grant improvement to pay and conditions of employment and that workers had to fight for the rights. Adversarial Industrial Relations thus existed to facilitate the processing of trade union claims for improvement in pay and conditions. Since it is the prerogative of management to make decisions about the organizational change, the role of unions is to respond to the decisions so far as they affected pay and conditions of employees.

Jerome and O'dowd (2005), further argued that adversarial approach is associated with acrimonial or 'arms-length' industrial relations of a low trust kind. It has been the traditional way of settlement of pay, conditions of work and workplace change issues in many unionized organizations. This appears to be the situation in Kenyan state corporations where unions have been militant in solving employees' issues.

Adversarial relations is an approach to conflict resolution that sees negotiations as combat, the tougher and more aggressive negotiators win and the more conciliatory ones lose. Hence, the approach lends itself to competition between negotiators and it has the effect of putting employers and unions into direct confrontation. Indeed, each party exaggerates its position sometimes called the 'bottom line'. Negative stereotypes tend to dominate each sides' opinion of the other, for instance the militant shop steward who can never be satisfied and the manager who does not know how to say 'yes' (Kelly, 2002).

Adversarial approach has its advantages. It is viewed as tested and tried method for resolving certain types of disputes, especially over pay, job security and conditions of employment. Still most negotiators have been trained in adversarial tactics by their organizations and trade unions. Trade unions place high value on the use of adversarial relations and through it considers their legitimacy to be demonstrated. However, the approach no longer provides a viable basis for relations between the actors. It cannot deliver either on employer's concerns on business success or employee/trade union's concern for greater involvement in the type of workplace decision making that is likely to influence job security and conditions of employment (Jerome & O'dowd, 2005).

Against the background of generation of low trust, 'arms length' relationship, the introduction of partnership at workplace level constituted a radical innovation. Partnership is thus taken to mean a shift from adversarial industrial relations to problem-solving outcomes among unions, managers and workers. Hence, in industrial relations a partnership arrangement can be described as one in which both partners namely, management and trade union agree to work together to their mutual advantage to achieve a climate of more cooperation and therefore less adversarial relations (Armstrong, 2008).

The five key values for partnership have been set out by Roscow and Casner-Lotto (1998) as: mutual trust and respect; a joint vision for the future and the means to achieve it; continuous exchange of information; recognition of the central role of collective bargaining and devolved decision making. The duo are emphatic that partnership is central to the strategy of successful organizations. A growing understanding that organizations must focus on customer needs has brought with it the desire to engage the attitude and commitment of all employees in order to meet their needs effectively. Indeed, organizations achieve significantly enhanced business performance through developing a partnership with their employees.

Partnership works well in an elitist environment, where nobody is superior or inferior to the other. Union is brought about when there are issues and hence acts as a sleeping giant awaiting to awaken when there is a problem. Issues are discussed from planning to implementation where a lot of consultation and involvement is encouraged (Kelly, 2002).

Partnership in industrial relations is a social partnership, where employers and unions cooperating to improve working conditions and to give employees a greater say in how their company is run. It recognizes the following: that unions have a shared interest in the success of a company because this is how secure jobs are delivered; cooperation but not confrontation is the way forward; it recognizes each party's legitimate role in the partnership; respect of the right of employees, needs of employees are as important as those of the company. Hence, the union is consulted on a wider range of issues about the overall direction of the company and strategic decisions that may affect employees (*[http://www.whatishuman resource.com](http://www.whatishumanresource.com). on 14/02/2012 at 12.00p.m*).



Consultation embraces both tripartite and bipartite bodies operating at the plant, industry and national levels whose purpose is to bring the parties together for mutual settlement of disputes and decision making. The main function of consultative machinery is to bring the parties together for mutual settlement of differences in the spirit of cooperation and goodwill (Aswathappa, 1999). Though this is the prescribed role of tripartite and bipartite consultation, it needs to be fully effected in Kenyan Industrial Relations.

Power sharing approach allows involvement at strategy formulation upto implementation level. When viewed from the perspective of the application of power, an organization is structured to institutionalize systems for carrying out the intentions of the groups of people who 'run' the organization. Power is shared over money, physical assets, knowledge and communication. It conditions and controls the behaviour of organization members and flows in all directions. The legitimization process requires that the powerful undertake certain obligations, duties and responsibilities towards those subject to their power. Power sharing has not been embraced by many organizations. However, it is effective if it is combined with partnership (Ahern, 1996).

Aluchio (1998) has pointed out that as Kenya stood on the threshold of independence in 1963, it was realized by the social actors that for economic progress, capital and labour should work in harmony. Hence, in October 1962, the Industrial Relations Charter was signed. The Charter laid the solid foundation for an Industrial Relations System in Kenya. It spelt the agreed responsibilities in the field of industrial relations. It defined a model recognition agreement and set up a joint disputes commission, guided on redundancy, employment policy, intimidation and joint consultation. However, what ostensibly may appear to be a good Industrial Relations Charter was in essence a gentlemen's agreement.

Hence, it was not legally binding to the parties. If the Charter is incorporated into the legal framework in the industrial relations, it will be enforced and any breach legally addressed.

Minja and Aswani (2009) have maintained that the Government is the third party in the tripartite arrangement after employers and trade unions. The state is both master and servant of the two participants. On one hand it holds legislative power in labour and industrial laws and on the other hand it is the employer with the biggest number of employees. What should be noted is that the state cannot hold legislative power and be deemed an equal partner with those she expects compliance of the enacted law. For this to work the government should recognize its superior position and act as a partner and exercise regulation with caution.

The Government through Acts of Parliament has enacted laws which employers are required to abide by. The laws regulate the relationship between employers and employees. They also prevent arbitrary management decisions and regulate employer's powers over employees. The Government protects workers from – forced labour, discrimination of all forms in course of employment and sexual harassment by employers and fellow employees. The law also prescribes the employment contract which the employers should enter into with employees. It also dictates when, how and in what forms payment to employees should be made and consequences thereof in the event of contravention of the law (Employment Act, 2007). The government must realize that as an employer, it is expected to be regulated by the same laws it has enacted but not to act above the law.

Minja and Aswani (2009) have reiterated that the state is expected to give assistance to the other social partners in satisfying their respective interests. The state has the power to change the relationship dramatically which is done by simplifying procedures for the settlement of

grievances. Hence, the Government to be deemed and act as an equal partner in the relationship it should not exercise a great degree of supremacy over the other partners. On the contrary its intervention should be within the agreed procedure and regulations for the consultation system to work.

Waweru (2007) has observed that the Government of Kenya maintains a full pledged Ministry of Labour which regulates industrial relations matters. The Ministry is the senior partner in industrial relations system, and seems to have promoted sound labour relations and tripartite consultation. The researcher agrees with the fact that the Ministry has regulated industrial relations. However, it has not been fully effective in timing and enforcement of awards which may have affected implementation of collective agreements. Besides, the Ministry acting on behalf of the Government exercises power over the two social actors and hence manifestation of supremacy over them.

According to Labour Relations Act (2007), it is noted that the recognition of the rights of public sector workers to form/join trade unions and enjoy collective bargaining rights is an interesting challenge for the Government as the major employer. The power to register, suspend and de-register unions and employers associations is vested with the Registrar of trade unions. This can be viewed as a way of the Government regulating the relations and exercising power over employees and employers. Indeed, it was the colonial government strategy to discourage unionization.

Besides the Government may have played a role in weakening unions through creation of splinter unions. A case to mention is of Kenya National Union of Teachers (KNUT) and Kenya Union of Post Primary Education Teachers (KUPPET) which were split through a

Presidential decree and the recently registered Kenya Union of Special Needs Education Teachers (KUSNET) which further split from KNUT.

Waweru (2007) has pointed out that, through time, the trade union movement in Kenya has continued to be subjected to severe restrictions by the Government. The Industrial Relations Court had been seen as an effective and indifferent instrument of meting out industrial justice. However, over the years, the increasing encroachment by the government on its activities, for instance through the issue of wage guidelines, has cast doubt to the Court's independence. Hence, the Court may be influenced by the Government's regulations thus, prompting one to question whether really the social actors are equal. The Court needs to be granted freedom to act as it is expected with all impartiality.

Waweru (2007) has emphasized that the trade union movement in Kenya though numerically strong is quite weak in terms of influencing key managerial decisions. He has further asserted that the weakness of trade unionism in Kenya is vindicated by the fact that: Unions do not provide any form of assistance to their strikers; except for a few unions, the enrolling of new members is the responsibility of the organizing secretaries and part time branch chairmen and shop stewards; relatively few unions offer any service other than bargaining and grievance handling of their members; majority of unions are really "one man show" with the general secretary doing all the bargaining and handling all major grievances.

Fashoyin (2008) has explained that the above union weakness must be contrasted with the powerful position of the employers. Not only does FKE provide all sorts of assistance to its affiliate employer associations due to its strong financial strength, but also it can count on government support in the case of an industrial action. It has its own economic advisers,

lawyers and industrial relations experts with their supporting staff, who are vigorous in boosting the organization's position vis-à-vis that of workers in the bargaining table. This position the researcher concurs with. Hence, one of the motivations of the study is to establish why labour unions are weak and the remedial measures for strength.

Waweru (2007) has further pointed out that there exists government-employer alliance in Kenya. Hence, employers need not worry much about the workers' demands, as they can always count on government intervention against the workers in the event of a "disruptive" confrontation. Moreover, the level of unemployment in Kenya is such that procuring new workers, particularly at the unskilled level would not be a difficult matter. Thus, though unions are consulted during the drawing up of biennial or triennial collective agreements, the increases in remuneration are sadly trivial, which the researcher concurred with.

The Trade Disputes Act, 1965 established a procedure to be followed before a legal strike and lockout can take place. This is today enshrined in the Labour Relations Act 2007. Even when all the procedures have been followed, the Minister for Labour has the power to declare a strike or lockout illegal. This can be viewed as a way of minimizing the freedom of employers and workers in resulting to strikes or lockout as last weapons in the fight for their rights. The possibility of presidential decree to declare strikes illegal is an impediment in the way of industrial justice. However, there had not been any strike worthy of the name legal strike in Kenya.

### **2.3.6 Tripartite Consultation**

Tripartite consultation relates to participation of workers' and employers' representatives in policy making. It is a three way interaction among governments; employer's organizations and workers' representatives in formulating or implementing labour, social or economic policy (Turnbull, 2006).

(Turnbull, 2006) has explained the purpose of consultation namely, to promote mutual understanding and good relations. More specifically, it should aim at joint consideration by employers' and workers' organizations of matters of mutual concern with a view to arriving to the fullest extent at agreed solutions. Besides, it ensures that the competent public authorities seek views, advice and assistance of employers' and workers' organizations in matters such as the preparation and implementation of laws and regulations affecting their interests, establishment and functioning of national bodies responsible for organization of employment, vocational training and re- training, industrial health and safety, productivity, social security and welfare. Finally, they participate in the elaboration and implementation of plans of economic and social development.

The *Second General Survey of the 1976 Convention* explained that consultation should be distinguished from mere information and co-determination. That it is not negotiation but implies initiatives taken by parties with differing interests to reach an agreement. Hence, the consultation required under the Tripartite Convention is intended rather than leading to an agreement to assist the competent authority in taking a decision. Hence, though public authorities must undertake consultation in good faith, they are not bound by any of the opinions expressed and remain entirely responsible for final decision. In order to be effective,

consultation must take place before final decision is taken irrespective of the nature or form of the procedure adopted.

Shen and Benson (2008) have pointed out that tripartite consultation among member states is a means of giving voice to all parties and preventing labour disputes from becoming intractable. It improves the conditions of workers in reference to their health, time and lack of advancement at work. It controls social unrest which arises from poor working conditions at work and helps lasting peace based on social justice. The motivation of the study was to establish whether these benefits had been reaped out of consultation in state corporations.

The *General Survey of 1976 Convention* explained that the flexibility of the Tripartite Consultation Convention gives members choice of consultation procedures. The procedure operates in accordance with national practice after consultation with the representative organizations. The consultation may be undertaken through a committee specifically constituted for questions concerning activities of the ILO, through a body with general competence in economic, social or labour field, a number of bodies with special responsibility for particular subject areas or written communication, where those involved in consultation have agreed that such communications are appropriate and sufficient.

Turnbull (2006) has elaborated that regardless of who initiates social dialogue, it is important to establish ground rules for dialogue between the social partners. He emphasized that it is necessary to have consultation about consultation or negotiation about negotiation, in order to establish the ground rules for future dialogue. The rules might include the respect for confidentiality and sensitivity of information, a commitment to avoid taking up publicly

entrenched positions and the avoidance of inflammatory or derogatory words or deeds. This appeared to be missing in Kenyan consultation

Trebilcock (1994) has elaborated on areas of tripartite consultation namely, involving various functions of consultation on policy formulation, decision-making on policy, the administration of established policy, the supervision of its implementation and negotiation of accords, wage determination and adjustment due to economic changes. The study was set to determine whether the social actors had been involved in the areas stated above and if not what had been barriers and how effectiveness can be realized if lacking.

Carley (2001) has explained that individual EU member states such as Belgium, France, Greece, Italy, the Netherlands, Portugal and Spain have tripartite and bipartite economic and social councils. These play an advisory and consultative role on matters of relevance to the social partners. The social partners are heavily involved in bodies regulating social security, health and safety. Australia has a deeply embedded system of social partnership at all levels whereas Germany has a National Tripartite Alliance for jobs bringing together all parties in cooperation over employment issues.

Tripartite agreements between governments, trade unions and employers are a regular feature in Ireland, Italy, Portugal and Spain. The agreements lay down overall income policy and general provisions dealing with specific issues such as employment and social security. Japan has a relatively high level tripartite dialogue and consultation. Before enactment or amendment of labour legislation or major labour policy changes there are first discussions in tripartite deliberative councils. Hence, a certain level of consensus is reached beforehand



between the parties concerned. Therefore, the government's labour policy is regarded as the result of agreement between labour and management (Sivananthiran & Ratham, 2003).

In contrast, the USA appears to have little or no tradition of bipartite or tripartite dialogue at national level. There is no bipartite bargaining or dialogue between intersectoral social partner organizations. Indeed, there is no representative umbrella employers' organization. There is no national tripartite consultative forum or process, though the government may bring together trade unions and employers/ business organizations for consultation or discussion on specific issues (Carley, 2001).

Alby, Azam and Rospabe (2005) have asserted that most African countries have introduced tripartite cooperation framework as an essential mechanism for reaching good labour relations, increasing productivity, as well as a means of building consensus on socio-economic issues. As a result, institutional structures such as the labour advisory council, boards or committees have been created in practically all English – Speaking African Countries in the post-independence period such as Kenya, Nigeria, Swaziland, Tanzania, Zambia and Mozambique among others. The labour advisory bodies have been effective in dealing with issues of ratification of International Standards, review of national legislation and play an advisory role to governments. The researcher felt that the involvement had not been effective in Kenya.

Fashoyin (2008) has reiterated that two distinguishable types of tripartite consultation exist in Africa. The formal consultative and advisory institutions and the formal negotiating bodies. The former generally deals with all labour issues. They were introduced in Africa just after independence. In Senegal, the National Advisory Council on labour and social security was

created in 1961 and is in use today. However, as Deing (1999) put it, its operating methods and efficacy appear substandard.

### **2.3.7 Performance of State Corporations**

Armstrong (2003) has explained that performance is a multi-dimensional construct whose measurement varies depending on a variety of factors. Performance is thus viewed differently. It is regarded simply as the record of outcomes achieved. He has further argued that performance means both behaviours and results. Behaviours emanate from the performer and transform performance from abstraction to action. Behaviours are not merely instruments for results, but also outcomes in their own right. Hence, the product of mental and physical effort applied to tasks can be judged from results.

Lee and Lee (2009) have explained the Bipartite consultation which is a subject of tripartite consultation and referred to as Labour- Management Partnership improves organizational performance and facilitates cooperative industrial relations. Since partnership is a kind of relationship between parties the study was out to establish whether it existed in Kenyan context and if it influenced performance of state corporations.

High commitment strategies and work practices have been heralded as the panacea for success in organizational performance for decades. One approach of creating commitment is Employee Involvement (EI). EI is closely linked to participation in decision making. Thus, it is believed that involving employees in factors that influence their work and decision making processes, increases job satisfaction giving employees a greater sense of fulfillment and

control over their work. This leads to high performance (Parkers, Scully, West & Dawson, 2007).

Davis and Lansbury (1996) have explained that consultation and participation have been regarded as important processes, often linked to workforce performance. Hence, maximum available productivity and adaptation can only be achieved through a workforce that willingly and constantly commits itself to responsibility for production, quality control, innovation, growth, responsiveness to consumer requirements and to a life-time of upgrading and broadening their skills. Then companies could expect productivity gains, better – motivated and committed workforce, lower absenteeism and turnover rates. Consequently organizational performance would improve. The researcher concurs with the assertion and was set to find out whether the state corporations in Kenya had reaped the stated benefits.

Armstrong (2008), has emphasized that a drive for commitment namely, winning the ‘hearts and minds’ of employees to get them to identify with the organization, to exert themselves more on its behalf and to remain with the organization ensures a return on their training and development. Hence, commitment realized through consultation has a direct positive effect on the performance of an organization, which the researcher concurs with.

Through effective consultation, there is emphasis on mutuality namely, getting the message across that ‘we are all in this together’, and that the interest of management and employees coincide. The reconciliation of interests of the partners though diverse enables common action, which improves on organizational performance. As Deeley (1991) put it, the benefits of a company include improved quality, increased production, reduced disputes, reduced employee turnover and absenteeism and better customer service(Armstrong, 2008). The study

was set to determine whether the interests of the social actors had been harmonised and their effects.

Lee and Rolee (2009) have explained that partnership practices namely, fair financial rewards and employee training are significantly and positively associated with organizational performance. Hence, management needs to prioritize on them to increase organizational performance. The duo are emphatic that workers consider training programs which increase their marketability as most important benefits that their companies can provide for them. Hence, the value employees find in training is likely an adaptation to the insecurity of the job market in which they find themselves. Still, fair financial awards are reasonable for employees to expect that during their tenure at a company, they will receive appropriate compensation that reflects their efforts on company's behalf to improve organizational performance, which the researcher agrees with.

Besides Lee and Rolee (2009) have confirmed out of their study that implementation of tripartite consultation which they referred to as Labour – Management Partnership in firms associated with militant unions, has practical implications than in cases involving moderate unions. Union militancy interferes with efforts to improve organizational performance and industrial relations quality. This could be the case in the current wave of strikes in state corporations which have paralyzed their activities. Hence, effective Labour - Management Partnership could be a panacea to increased strikes, in Kenyan state corporations.

Trebilcock (1994) as quoted in Ishikawa (2003) has stated that while the economic impact of tripartite social dialogue cannot be easily measured, it can be emphasized that social dialogue ensures a degree of social peace and progress that can set the stage for healthy economic growth. Evidence has shown that social dialogue helped to revive countries' economic

performance in developed and developing countries, such as Ireland, Netherlands, Denmark and Australia. Social dialogue contributed to employment success through wage moderation, low incidence of industrial conflict and social partners' support for sometimes unpopular social security and labour market reforms.

## **2.4 EMPIRICAL REVIEW**

Rittau and Dundon (2009) examined the roles and influence of shop stewards under the partnership regime in Ireland. The duo have asserted that partnership rarely if ever involves the true distribution of power between equals. They contend that unions can be coerced into accepting partnership when faced with unpalatable alternative. Similarly traditional form of consultation and collective bargaining may be hollow and fail to deliver effective involvement in management decision making. If partners play their roles as expected, consultation will be effective and consequently improve organizations' performance.

Rittau and Dundon (2009) have also explained that shop stewards in Ireland viewed their role in partnership as being a 'joint' problem-solving team that included themselves and managers. They added that shop stewards gained greater access to senior management and managers appeared willing to listen to their concerns consequently building trust. They emphasized that the premise that all benefit from partnership is hotly contested. Critics have long stressed that unions may ultimately lose power and influence under partnership as activists become incorporated into the higher echelons of management. Hence, unions in Ireland have learnt to live with the paradox of declining influence while retaining bargaining power over macro-economic policy. It is worth noting that incorporation of union activists

into organizational management erodes their role of protecting employees' interests. This affects performance negatively.

Shen (2007) analyzed the Chinese arbitration system and its role in settling labour disputes and pointed out that labour disputes were caused by job loss, non payment or delayed payment of wages and industry accidents. Besides, the aggrieved Chinese workforce appealed to unions, local government and failure led to other more violent collective actions like pickets and strikes to demand for their rights. He further observed that when workers appeal to unions, unions play only as a 'messenger', 'mediator' or 'moral supporter' role, in resolving labour disputes as a result of being dependent. Moreover, unions at the enterprise are part of the management and most times acted against workers. The discontent from workers lead to organization's poor performance.

Institutionally, the major role of tripartite consultation is confined to analyzing situations and putting forward suggestions on labour relations. Tripartite consultation system is nothing like collective bargaining but based on the traditional assumption of the unity of interests of employers and employees. Such an assumption is contradictory to the reality that employers have always had an opposite stance to employees. Consequently, tripartite consultation plays a limited and diminishing role in resolving labour disputes which the researcher disagrees with. Hence, the Chinese workers were found to be in great need of hearing of their grievances by impartial third parties, through which labour disputes could be settled and settlement enforced by law (Shen, 2007).

This has led to the preferred arbitration system where two adversarial parties submit their claims to a third party who should be independent, disinterested and unbiased. When the

parties have agreed to abide by the arbitrator's ruling the decision is final and binding. Although the result of a labour arbitration hearing may not please the parties, the outcome is preferable to continuing strike or other action that in the long term benefits nobody. The binding award by arbitrators brings about organizational peace and continuity in performance due to lack of interruption in form of strikes (Shen, 2007).

Fashoyin (2001) has argued that Kenya has recognized social dialogue as a useful mechanism for building consensus among the key stakeholders. He however noted that the parties to social dialogue have to be internally strong and cohesive in order to engage effectively in negotiations and consultative processes. Fashoyin is emphatic that unilateral action, be it by the public authority or by employers is not the appropriate approach today. Similarly relationship based on confrontation in the labour market is not likely to be appropriate response. Either way then, organizational performance is negatively affected. Hence, tripartism is best solution since all parties are involved.

The trade union movement in Kenya is at present weak in terms of membership and organization. Union leaders attribute their weakness to emergence of splinter unions and growing abandonment of existing tradition as well as unabated retrenchment. Indeed, the recent spate of splinter unions has been distracting, sapping the energy and resources of unions affected. This has reduced union capacity to provide useful and effective service to their members and consequently low morale with resultant poor performance (Fashoyin, 2008).

Lee and Rolee (2008) have defined Labour-Management Partnership (LMP) as an innovative approach to industrial relations intended to improve labour-management relations and confer

benefits on both sides. The duo have pointed out that due to huge social costs for workplace conflicts, the Korean government eager to establish harmonious industrial relations had worked to foster a new model referred to as 'new industrial relations', 'innovative industrial relations' or 'cooperative industrial relations'. The LMP is intended to secure benefits for both employers and employees through business success. Kenya needs to borrow leaf from Korean situation.

Lee and Rolee (2008) have further reiterated that LMP on its own does not necessarily lead to improved organizational performance or industrial relations quality, and that a company needs not only to adopt the principle of partnership but also to implement it effectively through specific practices. The duo cite the 2003 nation wide strikes by the Korean transportation union. The strike showed that union militancy was a better guarantor of union recovery and benefits than moderation though sometime illegal. However, this may influence organizational performance negatively.

Ikeanyibe and Onyishi (2010) have asserted that the economic recession since 1970s has made the west and its international financial institutions like the World Bank and International Monetary Fund (IMF) to propound structural adjustment measures as a panacea to the economic downturn. The adjustment measures have affected industrial relations and labour practices. Many organizations have reduced labour costs through retrenchment, casualisation and use of contract workers. Unemployment and casualization have undermined union membership and reduced union strength. Hence, this needs to be taken into account in labour laws and industrial relations if unions are to play any part in future.



The unprecedented advancement in technology and its application to organizational processes has transformed how firms design, produce, distribute and sell goods and services. Technology of a business exerts a major influence on the internal environment, how work is organized, managed and carried out. Different skills are required, new methods of working developed, equipment that can drastically reduce the need for human labour introduced. The result may be multi-skilling which could result to de-skilling and reduction in the number of jobs namely, downsizing. The increasing use of technology generates numerous challenges for industrial relations such as redundancy, retrenchment problems and creation of gap in knowledge of workers (Ikeanyibe & Onyishi, 2010).

Gachunga (2009) elaborated that due to globalization public corporations have been affected. A case in point is Telkom Kenya which retrenched more than 10,000 employees. A number of them had unique specialized skills in telecommunications. Moreover, in Kenya's Export Processing Zones (EPZs) there is a lot of textile work which is finished and send to the western countries. Some of EPZs have been outsourced to do final product stitching using 'cheap labour'. The final products are sent to United States and other countries. Gachunga has noted that EPZs implement labour law with a lot of flexibility. For example the law does not impose a minimum wage to EPZs. Lax on government supervision, opposition to labour unionization and union activities are common in EPZs. This has led to employee relations issues with staff in EPZ downing their tools from time to time.

## **2.5 CRITICAL REVIEW**

Rittau and Dundon (2009) have emphasized that partnership rarely if ever involves the true distribution of power between equals. The researcher agrees with this assertion and further points out that though equality is expected, the execution of tripartite consultation by the ILO

treats government as silent partners who set the parameters for partners' interaction as elaborated by (Trebilcock, 1994). Indeed, the System's Theory by Dunlop as advanced by Singh and Singh (2011) has elaborated that the power context relates to how power is distributed among the three 'actors' and pointed out that the state does not have limited but clear role as an arbiter in certain matters.

Rittau and Dundon (2009) had further elaborated the role of shop stewards in partnership and viewed them as 'joint' problem – solving team. This made shop stewards gain access to senior management and involvement in decision making. What needs to be pointed out is that this situation may not be practical in most Kenyan state corporations. Though shop stewards may be existing management may not be substantially involving them in decisions affecting workers. Indeed, unions' role may be eroded when they become incorporated into the top management.

Shen (2007) has explained that the Chinese system had preferred arbitration system as the most effective Alternative Dispute Resolution (ADR). This is because it reduced strikes and unions often played the role of 'messengers' 'mediators' or 'moral supporters' in resolving disputes. What should be noted is that arbitration is simply one of the ADR approaches. If it is embraced as the most effective, it could point to imposition of awards by arbitrators and hence communicate that still industrial harmony may not be prevailing in an organization, industry or at national level.

Lee and Rolee (2008) have elaborated on the connection between LMP and organizational performance. The duo argues that LMP was deemed a panacea to many industrial conflicts which had been experienced in Korea. They are emphatic that LMP on its own does not

necessarily lead to improved organizational performance or industrial relations quality which the researcher concurs with. LMP was applied in Korea during economic recession and found to improve performance and relations. Kenyan social 'actors' may borrow a leaf from Korean LMP to solve the current stalemate in the industrial system and the economic difficulties being faced.

Indeed, the Korean experience might be happening in Kenya, where trade unionists have used militancy in resolving labour issues. This could have been viewed the best option of handling industrial disputes, since trade unionists through their militancy have forced managements and the governments to negotiation table. Adversarial approach which appears to have taken a centre stage could be backed by Jerome and O'dowd (2005) who asserted that adversarial approach is the tested and tried method and through it trade unions consider their legitimacy demonstrated.

Fashoyin (2008) has explained that Kenya has recognized social dialogue as a useful mechanism for building consensus among 'actors' which the researcher concurs with. The partners however need to be internally strong and cohesive to engage in effective dialogue which the researcher supports. Hence, the evidenced decline of trade unions influence need to be corrected through collective responsibility.

The economic change has had an impact on the quality of industrial relations world over. Ikeanyibe and Onyishi (2011) have asserted that it had led to deepening poverty, unemployment, redundancy, retrenchments, multi-skilling and de-skilling of employees all negatively affecting employer-employee relations. Kenya is not an exception and these effects may have been experienced. A case in point in the giant KPLC whose employees had

threatened to strike due to employment on contracts, casualization of employees all being effects of globalization.

Ikeanyibe and Onyishi (2011) have defined globalization as the process of increasing integration in world civilization. The duo contend that the notion of 'one world' or 'global village' due to globalization is illusionary. They asserted that many problems in the world today namely, instability, insecurity, inter-state and intra-state conflict, hunger, poverty and labour unrest continue to be more pronounced in certain parts of the world than others. Indeed, there could be deepening of poverty in Africa due to Globalization since Sub-Sahara Africa is not able to compete in the global economic space because of product weakness and debt burdens among others.

## **2.6 RESEARCH GAPS**

Lee and Lee (2008) carried out a study on Labour-Management Partnership (LMP) on Korean firms. The study sought to examine the impact of Labour-Management Partnership on organizational performance and industrial relations quality at Korean firms. The research showed that the partnership principle and the five practices of management namely efforts to secure jobs, information sharing, fair financial reward, and investment in employee training and worker participation in management were significantly and positively associated with the quality of industrial relations. The duo suggested the need for further studies to be carried out that could focus on other national contexts in generalizing the study findings to other areas. Hence, the relationship between the social partners in Kenyan state corporations was to be established to determine how it influenced the performance of the organizations.

Shen and Benson (2008) studied tripartite consultation in China. They particularly studied the development, structure and the role of tripartism in dispute settlement, labour regulation and collective bargaining. They found that China's tripartite consultation is different from that advocated by the ILO due to its lack of neutrality and independent workers representation, poor legal enforcement of consultation outcomes and restricted responsibilities. The duo however concluded that despite the major deficiencies China's tripartite consultation was a major step towards more genuine collective bargaining. They added that future research would address the other roles of tripartite consultation as envisaged by the ILO. Hence, this study was set to establish how tripartite consultation influenced performance of state corporations in Kenya.

Fashoyin (2001) studied the social dialogue and social economic development in Kenya. He particularly examined the renewed interest in tripartite cooperation by identifying the main tripartite institutions, machinery and processes as well as challenges facing such institutions in fostering social justice. He contended that Kenya had some of the oldest institutions for tripartite consultation and social dialogue in Africa. However, the role had been confined to labour law and industrial relations issues. Even in such areas tripartite consultation had not been applied consistently or regularly used.

However, the period of adverse economic conditions of 1990's rekindled interest in extending social dialogue beyond the limits of labour market to include macroeconomic, social welfare and other development issues. He is emphatic that the challenges posed by economic reforms, globalization and liberalization are an opportune and crucial moment for the social actors to renew their commitment to tripartite cooperation and social dialogue to address the issues. He pointed out that there is limited evidence that all the partners recognize

the value of social and economic development facing the county. This study therefore sought to establish how consultation in the context of economic change facing the country influenced the performance of state corporations (Fashoyin, 2001).

Fashoyin (2008) studied employment relations in Zambia, with particular reference to exploring the impact of economic transformation on employment relations and effects on the role and behaviour of unions and employers organizations. He found that the transformation of policy from centrally planned to market economy had by design or default undermined the role of trade unions and employer's associations. This in turn had weakened the employment relationship.

Fashoyin (2008) explained that the introduction of market economy and related labour market reforms had demeaned the enormous gains in the organizational rights of labour and weakened employment relations. Hence, he recommended the need for reorientation of the roles and strategies of the tripartite partners in the labour market. The reorientation would help achieve a constructive engagement among them in the unfolding realities of the market economy. This study was set to establish the roles of the social actors and how they influenced tripartite consultation consequently affecting the performance of state corporations.

Shen (2009) analyzed the characteristics, development and implementation of the Chinese labour arbitration system and its role in settling labour disputes. The study found that labour arbitration system had become the most important mechanism for resolving labour disputes in China since the middle of 1990's. The study suggested necessity of future research to study the process a dispute settlement of this study was made to establish the adherence to the

tripartite consultation system in Kenya and how it enhanced tripartite consultation hence, improving the performance of state corporations.

Tripartite cooperation is not an end in itself but a means of achieving an acceptable balance between economic and social imperatives. The future of tripartite cooperation ultimately depends on whether there is political will to pursue the objective. Hence, cooperation between the state and the social partners of every level is indispensable for tripartite consultation to be effective. The study was out of establish whether the Kenyan government had been cooperative in tripartite consultation. (<http://book.google.co.ke/books>).

Alby, Azam and Rospabe (2005) have elaborated that in some African Countries, tripartite consultation had been a kind of state controlled arrangement where the social partners were co-opted into the socioeconomic decision-making process. Etukudo (1995) used the concept corporatism to define this kind of arrangement where the interests of social partners are integrated in state structures. He is emphatic that tripartism has become a charade in many African Countries as social partners were mostly manipulated. The study was made to establish whether this could be the case in Kenya.

Besides, regardless of a country's stage of development. Its government bears considerable responsibilities for social policy, especially in the field of labour administration. Its activities must guarantee the fundamental rights of all those in the world of work first and foremost, meet their needs and further develop the country (<http://unpan.un.org/intradodgroups/documents/ILO/union>). In Kenya many state corporations had had their staff involved in industrial action. The government took too long to intervene even in cases where there was threat to loss of life. A case in point is the recent strike by Kenyan doctors and nurses. The

question is whether the government is supportive of the existing mechanism of resolving disputes.

## **2.6 SUMMARY**

Equality of the social actors though prescribed by the ILO Convention No. 144 and enshrined in the Industrial Relations Charter appears to be lacking. Besides, trade unions have been declining in membership and the power to influence consultative decision may have been eroded and hence the motivation of the study. Moreover, though there is a well established system of tripartite consultation, it appeared not to have been fully adhered to which may have affected successful consultation. Furthermore, the prevailing economic change due to globalization, structural adjustment programmes and inflation appeared to have influenced tripartite consultation. Hence, the motivation of establishing what mechanisms may be put in place to adapt to the prevailing circumstances and improve the prevailing acrimonial industrial relations, consequently translating to improved organizational performance.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter covers the research design, research population and the target population, the sample size and sampling techniques, the instruments of research, data collection procedures, pilot test and data processing and analysis.

#### **3.1 RESEARCH DESIGN**

This study adopted a descriptive survey design. A descriptive research is defined by Gay (1981) in Mugenda and Mugenda (2003) as a process of collecting data in order to test hypothesis or to answer questions concerning the current status of the subjects in the study. Kombo and Tromp (2010) are emphatic that the purpose of descriptive research is not only restricted to fact findings, but often results in formulation of important principles of knowledge and solution to significant problem. This study fitted in the definitions of descriptive design because it involved; formulation of objectives of study, design of methods of data collection, selection of sample, collection of data and analysis of results as indicated by (Mugenda & Mugenda, 2003).

The descriptive design which was chosen is supported by a previous research by Lee and Rolee (2008). They studied the Labour Management Partnership at Korean firms and their effects on organizational performance and industrial relations quality. The duo adopted the design from research undertaken by Guest and Peccei (2001), on partnership at work;

mutuality and the balance of advantage. The two studies found that partnership improved organizational performance and quality of industrial relations. The two studies employed quantitative and qualitative analysis of data which this study borrowed.

Thus, this study consisted of both quantitative and qualitative research. Sarantakos (1998) has defined quantitative research as the systematic empirical investigation of quantitative properties, phenomena and their relationships. He added that, the process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships. Qualitative research on the other hand is defined by Sarantakos (1998) as a type of research that employs methods of data collection and analysis that are non-quantitative, and describes reality as experienced by respondents.

The study used both qualitative and quantitative methods since they supplement each other in that qualitative method provides in depth explanations, while quantitative methods provide the hard data needed to meet required objectives and to test hypotheses. The former was applied by use of interviews and the latter by questionnaires. Besides, Mugenda and Mugenda (1999) have asserted that in both quantitative and qualitative approach of inquiry, the researcher states a problem of inquiry, formulates research questions, defines the population and sample, collects and analyses data, and presents the results and conclusions. This research process was followed by the researcher.

### **3.2 POPULATION**

The population of the study included all the 172 state corporations in Kenya, as provided by Inspectorate of State Corporations. The target population constituted the unionized state

corporations in Nairobi County. Nairobi County was chosen because it constituted most of the organizations in Kenya which had experienced industrial strife in the recent past. Nairobi County is also the headquarter of most state corporations, in that out of 172 state corporations, the County has 108 corporations making a 63 percent of the state corporations nationally.

The County has 108 state corporations, out of these thirty four are unionized and fourteen were randomly chosen. Seven state corporations which had experienced instability in consultation and seven which had not registered were chosen. This was a good representative since it made a 41% representation which is accepted for representativeness since the minimum accepted percentage is 30% (Mugenda & Mugenda, 1999).

### 3.3 SAMPLE SIZE AND SAMPLING TECHNIQUES

Kasomo (2007) has explained that a sample size is the number of units in a sample and that the assumption behind sample size is that it is representative of the population from which it is drawn. The sample size of the study included 341 subjects, which was representative of the population size of 25,809 of the fourteen State Corporations chosen from Nairobi County.

The sample size was determined through the following statistical computation:

$$n = \frac{z^2 pq}{d^2} = \frac{1.96^2 (0.5)(0.5)}{0.05^2} = 341$$

$$nf = \frac{n}{1 + \left(\frac{n-1}{N}\right)} = \frac{341}{1 + \left(\frac{383}{25807}\right)} = 341$$

The sample incorporated employees, human resource managers and shop stewards. The study also covered Federation of Kenya Employers, Central Organization of Trade Unions and the

Ministry of Labour Nairobi office which had 79, 40 and 247 employees respectively. The sample size was as illustrated (see Table 3.1).

**Table 3.1 Sample Size of the Study**

State Corporations	Current Population	Sample Size
Kenyatta National Hospital	4534	60
Teachers Service Commission	1562	21
Postal Corporation of Kenya	510	7
Kenya Airways	4450	58
Kenya Power & Lighting Company	1000	13
Jomo Kenyatta University of Agriculture & Technology	2400	28
National Social Security Fund	1600	21
National Hospital Insurance Fund	1650	22
Kenya Wines Agency Limited	250	4
National Bank	1410	19
Kenya Broadcasting Corporation	885	12
University of Nairobi	4600	61
Coffee Board of Kenya	60	2
Kenya Institute of Education	530	8
FKE	79	1
COTU	40	1
Ministry of Labour	247	3
<b>TOTAL</b>	<b>25,809</b>	<b>341</b>

The researcher applied stratified random sampling. In stratified random sampling, Mugenda and Mugenda (1999) have asserted that, subjects are selected in such a way that the existing sub-groups in the population are more or less reproduced in the sample. Therefore, the sub-groups of unionized and non-unionized employees were represented. Out of the sub-groups simple random sampling was applied to pick the subjects.

Besides, purposive sampling technique was applied. Sarantakos (1998), has pointed out that, in purposive sampling, researchers purposely choose subjects who, in their opinion, are thought to have relevant information in the research topic. In this study therefore, the human resource managers / labour relations officers, shop stewards, COTU and FKE , ministry of Labour officers were handpicked because the researcher knew that they were informative.

### **3.4 RESEARCH INSTRUMENTS**

The following research instruments were used in data collection:

#### **3.4.1 Questionnaire**

The researcher used questionnaires to collect data. A questionnaire is a technique of data collection in which each person is asked to respond to the same set of questions in a pre-determined order (Saunders, Lewis & Thornhill, 2007). Questionnaires were used because they enable a researcher to reach a large group of respondents within a short time and with less cost. They also help to avoid or reduce the biases which might result from personal characteristics of interviewers and since respondents do not indicate their names, they tend to

give honest answers (Kasomo, 2006).The questionnaires contained open-ended and Likert scale closed-ended questions. The former refers to questions which give respondents complete freedom of response, permitting them to respond in their own words. Closed – ended questions guide respondents and restrict them to only specified choices given (Sarantakos, 1998). Therefore, every closed-ended question was followed by an open-ended one, to allow the respondents freedom of response.

### **3.4.2 Interview Schedule**

An interview is an oral administration of an interview guide. It involves the oral or vocal questioning technique of discussion. Interviews were used because they provide in-depth data which is not possible to get using a questionnaire. They guard against confusing the questions, since the interviewer can clarify the questions and therefore help the respondent give relevant responses. Moreover, they allow the interviewer to probe the respondent thus getting clarification and more details in the area of investigation (Kasomo, 2006). They were applied to the shop-stewards, Human Resource Managers/ Employee Relations Officers, COTU(K), FKE and Ministry of Labour officers.

### **3.5 DATA COLLECTION PROCEDURE**

Before collecting data, the researcher was given an introductory letter from the Director JKUAT Nairobi CBD Campus. After acquiring the letter, the researcher sought a permit from the National Council for Science and Technology to undertake research in Kenya. Then, the researcher visited the selected organizations, introduced herself and dropped questionnaires with the management or heads of department. In some state corporations the researcher was

allowed to administer the questionnaires herself. The researcher fixed appropriate dates, when she was to go, collect the duly filled questionnaires and conduct interviews.

### **3.6 PILOT – TEST**

Pre-testing of instruments was done to ensure that items in the questionnaire were stated clearly and had the same meaning to all respondents. Saunders, Lewis and Thornhill (2007) have explained that pilot- testing helps to refine the questionnaire so that respondents have no problem in answering the questions and there will be no problem in recording the data. The respondents on which the instruments were pre-tested were not part of the selected sample. During the pre-testing the researcher assessed the clarity of instruments and this eased the use of the instrument.

The researcher looked for items that would confuse respondents. If respondents repeated a particular item several times, chances were that the item was not clear and needed to be re-worked. Pre-testing helped to identify sensitive or annoying items. Items identified as sensitive, confusing or biased in any way were modified or omitted. The information which was gathered during pre-testing was used to revise the instrument (Saunders, Lewis & Thornhill, 2007).

### **3.7 DATA PROCESSING AND ANALYSIS**

Once the questionnaires had been administered, the mass of raw data collected was systematically organized in a manner that facilitated analysis. The raw data was cleaned and edited to enable quantitative analysis. Data collected from closed- ended questions was coded. The coding process started by preparation of a code book. According to Mugenda and

Mugenda (1999), a code book is a document that describes in specific details the coding scheme to be followed. The code book described the code assignment for each response category for each item in the questionnaire. After coding, the data was key – punched into a computer and analyzed using Statistical Package for Social Sciences (SPSS).

Data collected by use of interview guide and structured questions was analyzed qualitatively. The research notes which the researcher made in the course of the interview were read through, highlighting common words in the data. After which the researcher looked at what most respondents appeared to have said namely; the phrases which appeared to generate themes. The themes enabled the researcher to answer research objectives. In the course of interpreting the data, the findings of the quantitative and qualitative analysis were discussed and matched with the theories of Industrial Relations.

### **3.7.1 Factor Analysis**

Data collected was initially subjected to Factor Analysis. Factor Analysis is defined by Mugenda and Mugenda (2003) as a powerful statistical procedure, often used to validate hypothetical constructs. It attempts to cluster those indicators or characteristics that seem to correlate highly with each other. Hair, Tatham and Anderson(1998) have explained that the rule of thumb used frequently as a means of making a preliminary examination of a factor matrix is that factor loadings greater than .30 are considered to meet the minimal level, loadings of .40 are considered more important, and if loadings are .50 or greater they are considered practically significant. Kothari (2005) has emphasized that it has become customary in factor analysis literature for a loading of 0.33 to be the minimum absolute value to be interpreted. Hence, the entire factors with loadings of .33 and above were considered for



interpretation. Hence, confirmatory factor analysis was used to confirm the thresholds of variables.

### **3.7.2 Reliability and Validity**

Saunders, Lewis and Thornhill (2007) have defined reliability as the extent to which data collection technique or techniques yield consistent findings and that similar observations would be made or conclusions reached by other researchers. Mugenda and Mugenda (2003) have reiterated that reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. The duo contend that as random error increases, reliability decreases. Random error is the deviation from a true measurement due to factors that have not effectively been addressed by the researcher namely, inaccurate coding, interviewer's fatigue, interviewer's bias among others. However, the duo have reiterated that random error will always exist regardless of the procedure used in a study.

The reliability of the study instruments was assessed by internal consistency technique. Internal consistency of data is determined from scores obtained from a single test administered by researcher to a sample of subjects. Cronbach's Coefficient Alpha was then computed to determine how items correlated among themselves. Cronbach's Alpha is a measure of the extent to which all variables in a scale are positively related to each other. A high coefficient of 0.80 or more implies high degree of reliability of the data (Mugenda and Mugenda, 2003). Nunnally (1978) in Schumacker (2004) has pointed out that a reliability coefficient of .70 or higher is considered acceptable in most social sciences research situations and less than .70 is generally seen as inadequate. The K-R<sub>20</sub> formula is as follows:-

$$KR_{20} = \frac{(K)(S^2 - \sum s^2)}{(S^2)(K - 1)}$$

Where:

- $KR_{20}$  = Reliability coefficient of internal consistency
- $K$  = Number of items used to measure the concept
- $S^2$  = Variance of all scores
- $s^2$  = Variance of individual items

Mugenda and Mugenda (2003) have explained that validity is the accuracy and meaningfulness of inferences which are based on the research results. Hence, validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. It relates to how accurately the data obtained in the study represents the variables of the study. If such data is a true reflection of the variables, then inferences based on such data are accurate and meaningful.

### 3.7.3 Descriptive Analysis

Descriptive analysis is defined by Frankfort-Nachmias and Leon-Guerrero (2006) as statistical procedures that are used to describe the population one is studying. The duo are emphatic that descriptive statistics use graphical and numerical summaries to give a picture of a data set. Fritz (2013) has emphasized that the importance of descriptive statistics rests in the utility as tools for interpreting and analyzing data. Data is presented in form of graphs, tables and percentages. This study employed descriptive analysis after reliability test.

### **3.7.4 Correlation Analysis**

After descriptive analysis, data was subjected to correlation analysis. Mugenda and Mugenda (2003) have explained that correlation is a technique used to analyze the degree of relationship between two variables. The duo have reiterated that correlation helps in determining the strength and direction of the association between two variables, thus forming the basis for selecting variables for further statistical analysis such as regression analysis. Iman and Conover (1989) have explained that the term correlation is a measure of strength of a linear relationship between two variables. The duo have clarified that cause and effect is never implied in the statistical use of the word correlation. Correlation analysis was done by use of scatter plots, computation of Pearson Correlation Coefficient and coefficients.

#### **3.7.4.1 Scatter Plot**

Klara (2010) has explained a scatter plot as a useful summary of a set of bivariate data usually drawn before working out a linear correlation coefficient or fitting a regression line. It gives a good visual picture of the relationship between two variables and aids the interpretation of the Correlation Coefficient or Regression Model. A positive association between two variables on a scatter plot is indicated by an upward trend and a negative one by opposite effect namely, negative slope. A scatter plot is useful in the early stages of analysis when exploring data before actually calculating a correlation coefficient or fitting regression curve. It helped to determine whether a linear regression model was appropriate (Easton & Mcoll's, 1997).

### 3.7.4.2 Pearson Correlation Coefficient

Kasomo (2006) has explained that Pearson Correlation Coefficient is the most popular measure of correlation. He has reiterated that Pearson Correlation Coefficient is commonly used in linear regression and is a measure of the strength of the association between two variables. Mugenda and Mugenda (2003) have emphasized that the computation of a Correlation Coefficient yields a statistic that ranges from -1 to 1. The statistic is called a Correlation Coefficient. The Correlation Coefficient tells a researcher the magnitude and direction of the relationship between two variables and the bigger the coefficient the stronger the association between the two variables. The duo are emphatic that if the correlation coefficient is positive (+), it means that there is a positive relationship between the two variables and vice versa. Choudhury (2009) has emphasized that as a rule of thumb, the following guidelines on strength of relationship are often used, though many experts would somewhat disagree on the choice of boundary (see Table 3.2).

**Table 3.2 Guidelines on Strength of Relationship**

<b>Value of r</b>	<b>Strength of Relationship</b>
-1 to -0.5 or 1.0 -0.5	Strong
-0.5 to -0.3 or 0.3 to 0.05	Moderate
-0.3 to -0.1 or 0.1 to 0.3	Weak

*Source:* Choudhury (2009)

### **3.7.4.3 Coefficients**

Coefficients are either standardized or non-standardized. Standardized or beta coefficients are the estimates resulting from an analysis carried out on independent variables that have been standardized so that their variables are 1. Standardization of coefficient is usually done to answer the question of which of the independent variables have a greater effect on the dependent variable in a multiple regression analysis when the variables are measured in different units of measurement. The interpretation of unstandardised regression coefficient is that it represents the amount of change in the dependent variable associated with one unit change in the independent variable with all other variables held constant (Newton & Rudestam, 1999). Coefficients of the variables were computed to establish the amount of change each independent variable had on the dependent variable.

### **3.7.5 Regression Analysis**

After correlation analysis, data was further subjected to regression analysis. Mugenda and Mugenda (2003) have asserted that regression analysis is a type of analysis used when a researcher is interested in finding out whether an independent variable predicts a given dependent variable.

Olivares and Forero (2010) have explained that the Goodness-Of-Fit (GOF) of a statistical model describes how well it fits into a set of observations. GOF summarises the discrepancy between the observed values and the values expected under a statistical model in question. Such measures can be used in statistical hypothesis testing. Iman and Conover (1989) have emphasized that the GOF is measured by R-Square statistic which establishes how successful

the fit is in explaining the variation of data. Hence, R-Square is the square of the correlation between the response values and the predicted response values. R – Square is often seen as a number between 0 and 1.0 and is used to describe how well the regression line fits a set of data. An  $R^2$  near to 1.0 indicates that a regression line fits the data well, while an  $R^2$  closer to 0 indicates a regression line does not fit the data very well. A regression line was used to fit the values of dependent and independent variables.

### 3.7.5.1 Research Model

The study adopted two multiple regression models, one with the effect of the intervening variable and the other without the effect. Multiple regression model attempts to determine whether a group of variables together predict a given dependent variable (James & Frank, 1985). A multiple regression model separates each individual variable from the rest allowing each to have its own coefficient describing its relationship to the dependent variable. The model was adopted since the study had more than one variable. The general form of the first model was  $y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + e$ .

Where:

$y$  = Performance of state corporations

$x_1$  = Role of social partners

$x_2$  = Tripartite consultation system

$x_3$  = Economic change

$x_4$  = Relationship between social partners

$x_5$  = Tripartite consultation

The second model's form was  $y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + e$ .

Where:

- y = Performance of state corporations
- x<sub>1</sub> = Role of social partners
- x<sub>2</sub> = Tripartite consultation system
- x<sub>3</sub> = Economic change
- x<sub>4</sub> = Relationship between social partners

### **3.7.5.2 Normal Test**

The normality of the performance of state corporations as a dependent variable was determined by use of a Quantile - Quantile (Q-Q) plot. Q-Q plot is a plot of the percentiles of a standard normal distribution against the corresponding percentiles of the observed data. If the observations follow approximately a normal distribution, the resulting plot should be roughly a straight line with a positive slope. Q-Q Plot provides a quick way to get a feel for whether data are distributed normally (Khattree & Naik, 2006).

Muenchen and Hilbe (2010), have reiterated that one of the methods used to verify the normality of errors of a regression model is to construct a Q - Q plot of the residuals. If the plots are aligned on the line  $x=y$ , then the data are normally distributed. A normal test was then used to fit a multiple regression model and for the fit to be done, the dependent variable must have been normally distributed.

### **3.7.5.3 ANOVA Test**

Analysis of Variance (ANOVA) was done to establish whether the whole model was a significant fit of the data. ANOVA is a data analysis procedure that is used to determine whether there are significant differences between two or more groups or samples at a selected probability level (Mugenda & Mugenda, 2003). ANOVA consists of calculations that provide information about the levels of variability within a regression model and forms a basis for test of significance. Sarantakos (1998) is emphatic that ANOVA test is used to determine the impact independent variables have on the dependent variable in a regression model.

### **3.7.6 Partial Correlation Coefficient**

The effect of tripartite consultation as intervening variable on the performance of state corporations was established by computation of partial correlation coefficient. Kothari (2005) has explained that partial correlation measures separately the relationship between two variables in such a way that the effects of other related variables are eliminated. He has emphasized that partial correlation analysis, aims at measuring the relationship between a dependent variable and a particular variable by holding the other variables constant. Hence, the intervening effect of tripartite consultation between each independent variable and the dependent variable was computed by holding the intervening variable constant namely, controlling it.

### **3.7.7 t-test**

Inferential statistics is concerned with determining how likely it is for the results obtained from a sample to be similar to results expected from the entire population (King, Rosopa &



Minium, 2012). The inference was drawn by the t-test and ANOVA test. The t-test determines the significance of individual variables. There are four steps employed in calculation of t-test which include:-

- (i) Construction of the two hypotheses,  $H_0$  and  $H_1$ . Hence;  $H_0 : \beta_j = 0$   
vs  
 $H_1 : \beta_j \neq 0$

- (ii) Calculation of the test statistic which is given by

$$t_{\text{calc}} = \frac{\hat{\beta}_j}{S_{\hat{\beta}_j}}$$

where  $\hat{\beta}_j$  is the estimated  $\beta_j$ ,  $S_{\hat{\beta}_j}$  is the standard deviation for  $\hat{\beta}_j$

- (iii) Determination of critical value from statistical tables after calculation. Hence, critical value is given as:  $t_{\text{crit}} = t_{(n-1), (1-\alpha/2)}$

- (iv) Conclusion- Either accept or reject  $H_0$ . If the test statistic falls in the acceptance region,  $H_0$  is accepted. Alternatively, reject  $H_0$  if the P-value is greater than the level of significance, 0.05.

The variables of the study included role of social partners, tripartite consultation system, economic change, relationship between social partners, tripartite consultation and performance of state corporations. The different measurements of the variables were as presented (see Annex vi).

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND DISCUSSION**

#### **4.0 INTRODUCTION**

This chapter first presents the response rate. Second, the data collected on performance of state corporations, the study's dependent variable follows. The factor analysis, the descriptive statistics and discussions, then the reliability test, followed by the normality test and qualitative analysis of data for the dependent variable are presented. Third, the data collected regarding tripartite consultation, the study's intervening variable are presented. Specifically, factor analysis, descriptive analysis and discussions, the reliability test and qualitative analysis of the intervening variable's data are presented.

Fourth, the data of the study's independent variables namely; role of social partners, tripartite consultation system, economic change and relationship between social partners are presented. Hence, the factor analysis, descriptive analysis and discussions, reliability test, qualitative analysis, the correlation, regression and intervening effect of tripartite consultation are presented. Finally, the two overall regression models are presented.

#### **4.1 RESPONSE RATE**

The questionnaires given out were 341 and 279 were responded to. The response rate was 82%. The results obtained out of the responses can therefore be accepted. This is supported by Smith (2008) who has explained that sufficient response rate of least 60% is acceptable. This study realized more than 60% which is the minimum. The results are further supported

by Fincham (2008) who is emphatic that response rates approximating 60% for most research should be the goal of researchers. The responses were as presented (see Table 4.1).

**Table 4.1 Response Rate**

<b>State Corporations</b>	<b>Current Population</b>	<b>Sample Size</b>	<b>Response</b>
Kenyatta National Hospital	4534	60	60
Teachers Service Commission	1562	21	21
Postal Corporation of Kenya	510	7	7
Kenya Airways	4450	58	47
Kenya Power & Lighting Company	1000	13	13
Jomo Kenyatta University of Agriculture & Technology	2400	28	19
National Social Security Fund	1600	21	21
National Hospital Insurance Fund	1650	22	22
Kenya Wines Agency Limited	250	4	4
National Bank	1410	19	9
Kenya Broadcasting Corporation	885	12	12
University of Nairobi	4600	61	30
Coffee Board of Kenya	60	2	2
Kenya Institute of Education	530	8	8
FKE	79	1	1
COTU	40	1	1
Ministry of Labour	247	3	2
<b>TOTAL</b>	<b>25,807</b>	<b>341</b>	<b>279</b>

## **4.2 PERFORMANCE OF STATE CORPORATIONS**

### **4.2.0 Introduction**

The performance of state corporations was the dependent variable of the study. A dependent variable is a consequence of another variable as pointed out by Kasomo (2006). The study therefore sought to establish whether performance of state corporations was influenced by the role of social partners, tripartite consultation system, economic change and relationship between the social partners which were the study's independent variables. As Armstrong (2003) put it performance is a multi-dimensional construct whose measurement varies depending on a variety of factors.

This study thus considered partnership practices enhancing performance as envisaged by Lee and Lee (2009) and determined whether they influenced performance of state corporations. It also established whether the effects of tripartite consultation in relation to performance had been experienced in the selected state corporations, translating to high performance. This section therefore covers factor analysis, reliability test, descriptive statistics and discussions, qualitative analysis of effects of tripartite consultation and the partnership approaches enhancing performance of state corporations. Finally, the normality test of the dependent variable is presented.

### **4.2.1 Factor Analysis on Indicators of Performance of State Corporations**

Factor Analysis is a powerful statistical procedure, often used to validate hypothetical constructs (Mugenda & Mugenda, 2003). It establishes factor thresholds of variables to be

considered for interpretation. Kothari (2005) has explained that it has become customary in factor analysis literature for loadings of 0.33 to be considered absolute values to be interpreted. Thus, Factor Analysis was administered on data collected addressing the effects of consultation between partners on performance of state corporations. All the factors registered thresholds of above .33 and were thus considered for further statistical analysis. The factor thresholds were presented (see Table 4.2).

**Table 4.2      Thresholds of Performance Indicators of State Corporations**

<b>Effects of Consultation between the Partners</b>	<b>Factor Thresholds</b>
Better motivated staff	.697
More committed staff	.693
Improved performance	.689
More productive organizations	.663
Improved quality services	.605
High staff retention	.509
Recorded low absenteeism	.457

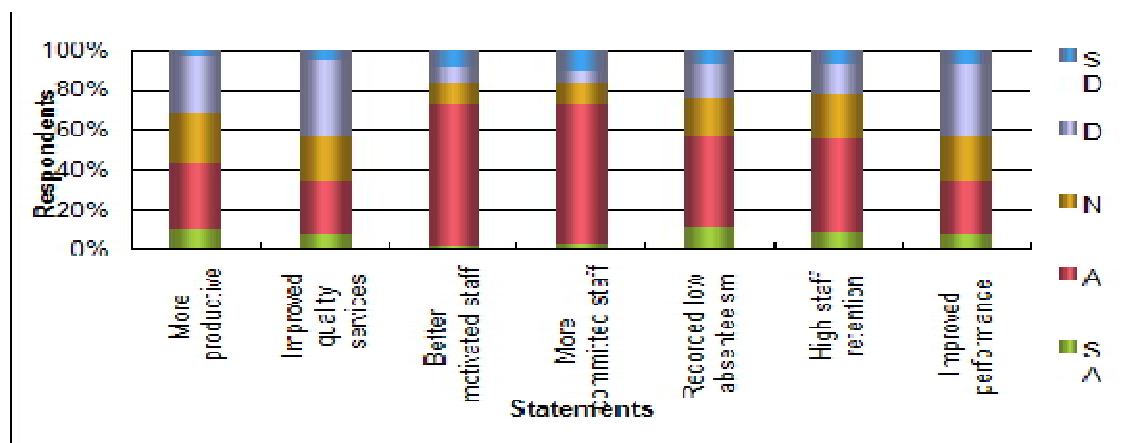
#### **4.2.2 Descriptive Statistics on Effects of Consultation on Performance of State Corporations**

The statement that consultation had led to better motivated staff was strongly supported by 2.5% of respondents, 70.6% agreed, 11.1% were neutral, 6.8% disagreed, whereas 9% strongly disagreed. The position that consultation between partners had made staff become more committed was strongly supported by 3.2% of respondents, 69.8% agreed, 10.8% were neutral, 6.1% disagreed, whereas 10.4% strongly disagreed. The position that consultation

had led to improved performance of organizations was strongly supported by 7.6% of respondents, 27% agreed, 21.8% were neutral, 36.4% disagreed, whereas 7.2% strongly disagreed.

In response as to whether consultation between social partners had made organizations become more productive 10.8% of respondents strongly agreed, 31.9% agreed, 25.8% were neutral, 28.3% disagreed, whereas 3.2% strongly disagreed. The view that consultation had led to staff remaining working with organizations was strongly supported by 9% of respondents, 47% agreed, 21.5% were neutral, 15.8% disagreed, whereas 6.8% strongly disagreed.

The view that consultation had led to improved quality services was strongly supported by 7.2% of respondents, 27.2% agreed, 21.9% were neutral, 38.9% disagreed, whereas 5% strongly disagreed. The suggestion that consultation had led to low absenteeism being reported was strongly supported by 11.2% of respondents, 45.3% agreed, 19.4% were neutral, 17.4% disagreed, whereas 6.5% strongly disagreed. The responses were as presented (see Figure 4.1).



**Fig 4.1: Performance Indicators of State Corporations**

Generally, the findings indicated that consultation had led to low absenteeism being recorded; staff had remained working with organizations namely, high retention had been realized, organizations had become more productive, staff had become more committed and motivated. There was also improvement in quality of services. However, respondents did not know whether consultation had contributed to improved performance

The finding that consultation had led to low absenteeism, low rate of turnover, better motivated and committed staff and better quality services is supported by Davis and Lansbury (1996) who have emphasized that low absenteeism and low turnover rates are linked with workforce performance. The duo are emphatic that maximum available productivity can only be achieved through a workforce that willingly and constantly commits itself to responsibility for production, growth and quality control. Such companies in turn have better – motivated and committed workforce with lower absenteeism and turnover rates.

Deelay(1991) is emphatic that reconciliation of partners' interests though diverse enables common action which improves performance. Hence, the benefits of a company include improved quality, increased production, reduced disputes, reduced turnover, low rates of absenteeism and better customer service.

The finding that it was not known whether tripartite consultation had led to improved performance of organizations is supported by Trebilcock (1994) as quoted in Ishikawa (2003) that while the economic impact of tripartite social dialogue cannot be easily measured, it can be emphasized that social dialogue ensures a degree of social peace and progress and that it can set the stage for healthy economic growth. Evidence has thus shown that social dialogue helped to revive countries' economic performance in developed and developing countries

such as Ireland, Netherlands, Denmark and Australia. Hence, Kenya’s social partners need to continue enhancing social dialogue in order to reap economic benefits through partnership practices consequently improving organizations’ performance.

**4.2.3 Factor Analysis on Partnership Practices Enhancing Performance of State Corporations**

Factor Analysis was administered on data collected on partnership practices enhancing organizations’ performance. All the factors registered factor loadings of .33 and above and were thus considered for further statistical analysis. The factor loadings were presented (see Table 4.3).

**Table 4.3 Thresholds of Partnership Practices Enhancing Performance of State Corporations**

<b>Partnership Practices enhancing Performance</b>	<b>Factor Thresholds</b>
Fair financial rewards	.639
Harmonization of interests	.592
Union more friendly to management	.551
Commitment of staff	.540
Training of staff	.388



#### 4.2.4 Reliability

Data on performance of state corporations was subjected to reliability test to establish the extent to which data collection techniques could yield consistent findings or data after repeated trials (Mugenda & Mugenda, 2003). Cronbach's Coefficient Alpha of the 12 items of performance of state corporations as a dependent variable of the study was computed and established to be .839. This meant that there was a high degree of reliability of the data. This is supported by Nunnally (1978) who has given the minimum acceptable reliability coefficient as .70. Nunnally and Bernstein (1994) have added that the benchmark for acceptable Alpha is .7. The Cronbach's Alpha is presented (see Table 4.4).

**Table 4.4 Cronbach's Alpha of Items of Performance of State Corporations**

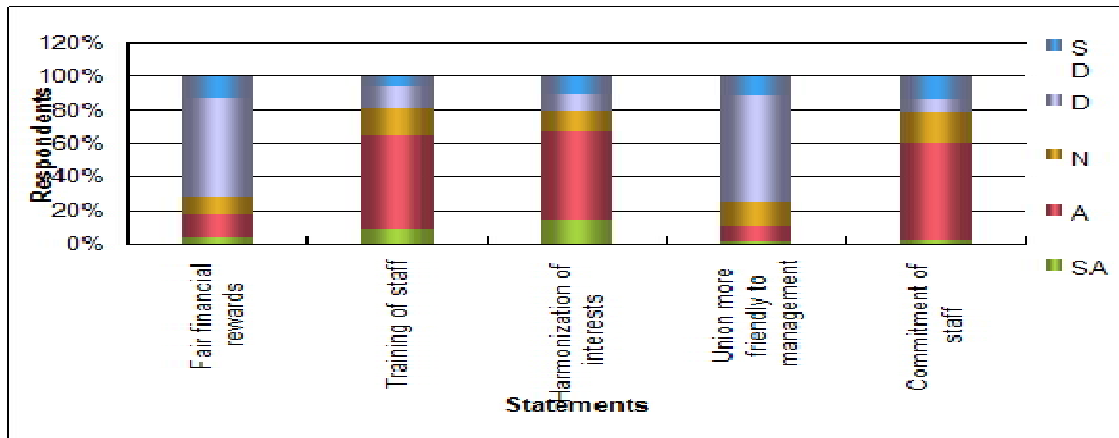
Cronbach's Alpha	No. of Items
.839	12

#### 4.2.5 Descriptive Statistics of Partnership Practices Enhancing Performance

The view that there had been fair financial rewards on employees were strongly supported by 3.9% of respondents, 13.6% agreed, 11.1% were neutral, 58.1% disagreed, whereas 13.3% strongly disagreed. The position that the interests of the management and those of employees had been equally taken care was strongly supported by 16.5% of respondents, 57% agreed, 13.6% were neutral, 11.8% disagreed, whereas 1.1% strongly disagreed. In response as to whether unions had been friendly to the management hence improving performing was

strongly supported by 1.4% of respondents, 9% agreed, 14.7% were neutral, 63.4% disagreed, whereas 11.5% strongly disagreed.

The view that there had been a drive to commitment making employees to exert themselves on behalf of the organizations was strongly supported by 2.2% of respondents, 58.1% agreed, 18.6% were neutral, 7.2% disagreed, whereas 14% strongly disagreed. The suggestion that employees had been trained by organizations was strongly supported by 9% of respondents, 55.5% agreed, 16.5% were neutral, 12.9% disagreed, whereas 6.1% strongly disagreed. The findings were as presented (see Figure 4.2).



**Fig 4.2: Partnership Practices Enhancing Organizations' Performance**

Generally, the findings as to whether partnership practices had enhanced performance of organizations indicated that employees had been trained by their organizations, there had been harmonization of interests of social partners, and employees had become more committed. However, there was a strong feeling that there had been no fair financial rewards and unions had not been friendly to management.

The finding that training had been undertaken and contributed to organizational performance is supported by Lee and Lee (2009) who have emphasized that workers consider training programmes which increase their marketability as most important benefits that their companies can provide for them. Hence, training makes employees adapt to the insecurity of the job market and they get fair financial rewards during their tenure at a company as a result of training. This consequently improves organizations' performance, since employees exert more efforts.

The finding that there had been integration of the interests of management and those of employees supports the principle of employee involvement, which is a strategy for high commitment, having been heralded as a panacea for success in organizational performance for decades. It is thus believed that involving employees in factors that influence their work and decision making processes increases job satisfaction giving them a sense of fulfillment and control over their work. This translates to high performance (Parkes, Scully, West & Dawson, 2007). Deelay (1991) has emphasized the importance of integration of partners' interests and reiterated that the reconciliation of interests leads to improvement of organizations' performance since all partners' views are valued.

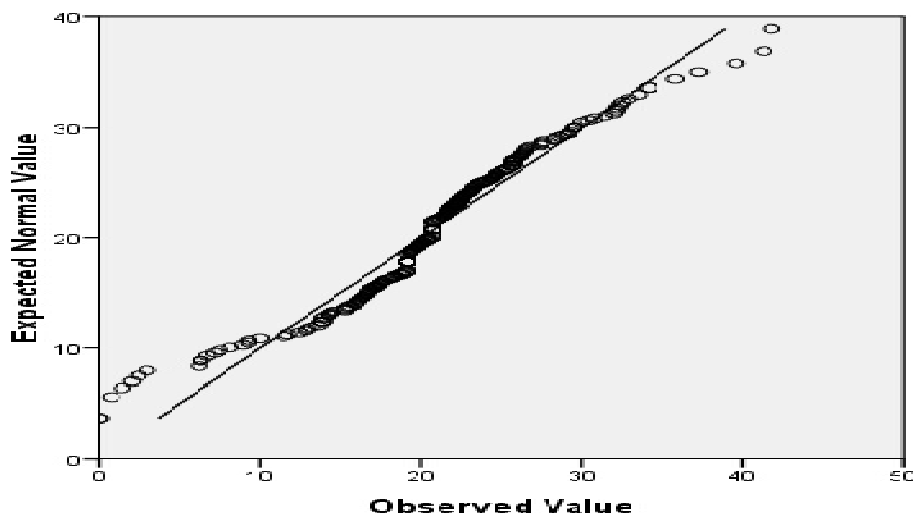
The finding that there had been unfair financial rewards in state corporations is supported by Siringi and Manaseh (2010) who have explained that Kenya is ranked among the top ten most unequal countries in the world and the fifth in Africa in regard to income distribution. This had been compounded by high inflation rates which, though there had been increase in salaries by 3.5%, prices of goods and services rose at a higher rate of 4.1% leaving workers with negative real wages Irungu (2011). Siringi and Manasah (2011) are emphatic that income inequality phenomena and inflationary problems are critical issues of concern in

Kenya. Irungu (2011) has further argued that decline in real wages and the demand for higher pay has become the centre of protracted battle between trade unions and employers' lobby the FKE.

The study found that trade unions had not been friendly to management. The poor relations could be understood by looking at the origin of unionization in the Country. Aluchio (1998) has asserted that unions came into being as vehicles of protest against protest working conditions and as such they had been viewed as militant leaders of workers. This echoes the pluralism view of organizations as being made up of powerful and divergent sub groups each with legitimate loyalties and set of objectives (Ikeanyibe & Onyishi, 2011).

#### 4.2.6 Normal Test

Normal Test of the items of performance of state corporations as a dependent variable was carried out by use of a Q - Q Plot. Q-Q Plot provides a quick way to get a feel of whether data are distributed normally (Khattree and Naik, 2006). The results of the Q - Q Plot indicated that the dependent variable was normally distributed (see Figure 4.3).



**Fig. 4.3** Normal Q-Q Plot of Performance of State Corporations

#### **4.2.7 Qualitative Analysis on Performance of State Corporations**

The information gathered regarding effects of tripartite consultation on performance of state corporations indicated that effective tripartite consultation influences positively performance of state corporations. It is a form of collective negotiation which had an effect of increased productivity. Besides, it was viewed as an effective means of communication especially where clear means of communication are poor leading to resolution of issues by providing solutions and ideas to complex situations.

In addition, it was established that tripartite consultation as a method of involving employees communicates the message that the management cares and values them as their first customers. This translates into good performance. Moreover, it was argued that in any organization human resources are the most important resources. Hence, through tripartite consultation human resources of an organization are taken care of legally. It was strongly felt that representation of all stakeholders and doing what is expected is bound to positively influence the performance of organizations.

Moreover, it was also gathered that if tripartite consultation is effectively done organizations would be more productive since consultation changes employees' attitudes by creating a feeling of belonging to the organization. In addition, it was established that there was high presenteeism of employees in organizations. However, though present contribution of some workers was minimal. The high presenteeism recorded was due to employees avoiding punitive measures which go with absenteeism. However, it was a general feeling that tripartite consultation had substantially been carried out in organizations and that it had

brought about team work and dialogue had proved the best way to solve the challenges of labour. This translated to good performance.

### **4.3 TRIPARTITE CONSULTATION**

#### **4.3.1 Factor Analysis on Benefits of Tripartite Consultation**

Tripartite consultation was the study's intervening variable. The study sought to establish whether it had intervened between the variables influencing performance of state corporations. Factor analysis was done on factors suggesting the benefits of tripartite consultation. All the factors registered a threshold of above .33 and were therefore considered for further statistical analysis. The factor loadings are presented (see Table 4.5).

**Table 4.5 Thresholds of Benefits of Tripartite Consultation**

<b>Benefits</b>	<b>Thresholds</b>
Voice of all parties	.662
Participation in economic development	.662
Improved work conditions	.652
Controlled social unrest	.598
Gathering views of partners	.573
Controlled labour disputes	.561
Arrival at agreed solutions	.543
Mutual understanding and good relations	.504
Lasting peace in organizations	.434
Establishment and functioning of labour bodies	.414

### **4.3.2 Descriptive Statistics on Benefits of Tripartite Consultation**

The suggestion that consultation had given voice to all parties been strongly supported by 11.8% of respondents, 34.8% agreed, 16.1% were neutral, 30.1% disagreed, whereas 7.2% strongly disagreed. The view that consultation had led to participation in elaboration and implementation of plans of economic and social development was strongly supported by 8.2% of respondents, 48% agreed, 25.4% were neutral, 16.5% disagreed, whereas 1.8% strongly disagreed.

The view that tripartite consultation had improved conditions of work in regard to health, time and advancement at work was strongly supported by 11.8% of respondents, 35.8% agreed, 19% were neutral, 29% disagreed, whereas 4.3% strongly disagreed. Moreover, the view that consultation had controlled social unrest which arose from poor working conditions was strongly supported by 3.9% of respondents, 9.7% agreed, 13.6% were neutral, 56.3% disagreed, whereas 16.5% strongly disagreed. Besides, the suggestion that consultation helped gather views and advice of employers' and workers' representatives in preparation and implementation of labour laws was strongly supported by 11.5% of respondents, 48.7% agreed, 20.1% were neutral, 18.3% disagreed, whereas 1.4% strongly disagreed.

The opinion that consultation had prevented labour disputes from becoming uncontrollable was strongly supported by 4.3% of respondents, 12.5% agreed, 9% were neutral, 61.3% disagreed, whereas 12.9% strongly disagreed. The view that consultation had led to arrival to the fullest extent at agreed solutions was strongly supported by 5.7% of respondents, 16.1% agreed, 16.1% were neutral, 53.8% disagreed, whereas 8.3% strongly disagreed. In response as to whether consultation between the social partners had promoted mutual understanding

and good relations 6.8% of respondents strongly agreed, 54.8% agreed, 10.4% were neutral, 21.9% disagreed, whereas 6.1% strongly disagreed.

The suggestion that consultation led to lasting peace in organizations based on social justice was strongly supported by 2.9% of respondents, 51.3% agreed, 14% were neutral, 10.4% disagreed, whereas 21.5% strongly disagreed. The view that cooperation helped in establishment and functioning of national bodies responsible for employment was strongly supported by 10.5% of respondents, 60.5% agreed, 19.5% were neutral, 8.2% disagreed, whereas 1.1% strongly disagreed. On average 7.7% of respondents strongly agreed that benefits had accrued out of consultation of partners, 45.2% agreed, 14.8% were neutral 24.59% disagreed, whereas 7.8% strongly disagreed. The responses are presented (see Table 4.6).

**Table 4.6 Benefits of Tripartite Consultation in Organizations**

<b>Statements</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
Gives voice to all	11.8	34.8	16.1	30.8	7.2
Participation in economic development	8.2	48	25.4	16.5	1.8
Improved work conditions	11.8	35.8	19	29	4.3
Controlled social unrest	3.9	9.7	13.6	56.3	16.5
Gathering views of partners	11.5	48.7	20.1	18.3	1.4
Contained labour disputes	4.3	12.9	9	61.3	12.9
Arrival at agreed solutions	5.7	16.1	16.1	53.8	8.3
Mutual understanding	6.8	54.8	10.4	21.9	6.1
Lasting peace in organizations	2.9	51.3	14	10.4	21.5
Establishment and functioning of the labour bodies	10.5	60.3	19.5	8.3	1.1
<b>Average</b>	<b>7.7</b>	<b>45.2</b>	<b>14.8</b>	<b>24.5</b>	<b>7.8</b>



Generally, the findings indicated that consultation had helped to gather views and advice of employers' and workers' representatives in preparation and implementation of labour laws, had helped in establishment and functioning of national bodies responsible for employment, had led to participation in elaboration and implementation of plans of economic and social development, had improved conditions of work in regard to health, time and advancement at work had given voice to all parties, had promoted mutual understanding and good relations and lasting peace based on social justice. However, consultation did not prevent labour disputes from becoming uncontrollable and had not controlled social unrest which arose from poor working conditions.

The findings of the effective role of tripartite consultation are supported by Ishikawa (2003) who has asserted that it leads to the benefits as stated above. However, the failure of consultation as indicated in the findings are against the prescribed benefits as elaborated by Shen and Benson (2008) which include among others, controlling social unrest arising from poor working conditions and bringing peace based on social justice.

The finding that tripartite consultation had not prevented labour disputes from becoming uncontrollable is supported by Irungu (2011) who has pointed out that consultation had be characterized by stand off of all sorts, where all the three social partners had declared their varying positions, a case in point being the increase of minimum wage of 2011. Indeed, Mutoro (2011) has echoed Irungu (2011) and emphasized that the Kenya's emerging trend of labour disputes was worrying. The finding that some employees of state corporations worked under poor working conditions is supported by Houreld (2011), who has pointed out that doctors and nurses in public hospitals in Kenya withdrew their labour in demand for larger

stocks of drugs, better equipment and better pay. Doctors hinted that many patients had died due to shortages and that they were not ready to be used to certify deaths.

The agitation of workers due to poor working conditions and terms of employment reflects the Marxists theory that conflicts arise because of the division between those who own or manage the means of production and those who have only their labour to offer (Singh & Kumar, 2011).

### 4.3.3 Factor Analysis on Areas of Consultation

Factor Analysis was carried out on variables explaining the areas of tripartite consultation among the social actors. The factors that did not register thresholds above .33 included policy formulation and decision making on policy. Such factors were thus omitted in further statistical analysis. The factor thresholds realized are presented (see Table 4.7).

**Table 4.7**      **Thresholds of Areas of Consultation**

<b>Areas of Consultation</b>	<b>Factor Thresholds</b>
Fixation of minimum wage	.556
Ending of strikes	.485
Review of labour laws	.426
Established boards	.414
Consultation in negotiations	.360
Supervision, implementation of employment policy	.300
Policy formulation	.143
Decision making on policy	.088

#### 4.3.4. Reliability

Data on tripartite consultation was subjected to reliability test. The Cronbach's Alpha of the 18 items of the intervening variable was established to be .830. This meant that there was a degree of reliability of study instrument and data collected. The Cronbach's Alpha was above the minimum acceptable reliability coefficient of .70. The Cronbach's Alpha is presented (see Table 4.8)

**Table 4.8 Reliability Test**

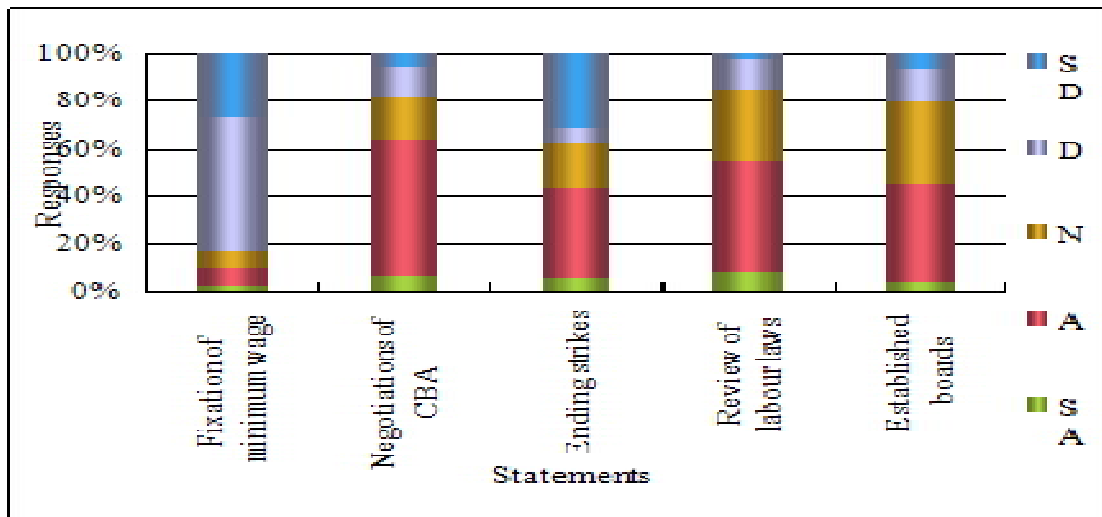
<b>Cronbach's Alpha</b>	<b>No. of Items</b>
.830	18

#### 4.3.5 Descriptive Statistics on Areas of Consultation

The view that the social partners had consulted in fixation of minimum wages was strongly supported by 2.5% of respondents, 7.9% agreed, 6.8% were neutral, 56.6% disagreed, whereas 26.2% strongly disagreed. The suggestion that there had been effective consultation in ending strikes was strongly supported by 3.9% of respondents, 24.7% agreed, 12.5% were neutral, 38% disagreed, whereas 20.8% strongly disagreed. The suggestion that there had been consultation in review of labour laws was strongly supported by 8.6% of respondents, 46.6% agreed, 29.7% were neutral, 12.9% disagreed, whereas 2.2% strongly disagreed.

The view that there had been equal participation in established committees/ boards was strongly supported by 3.9% of respondents, 41.9% agreed, 33.7% were neutral, 14.7%

disagreed, whereas 5.7% strongly disagreed. The opinion that there had been consultation during negotiations of collective agreement was strongly supported by 6.5% of respondents, 57.3% agreed, 17.2% were neutral, 13.3% disagreed, whereas 5.7% strongly disagreed. The findings were as presented (see Figure 4.4).



**Fig 4.4: Areas of Consultation**

Generally, the findings indicated that there had been consultation in the following areas: consultation during negotiations of collective agreement, review of labour laws, and equal participation in the established committees. However, consultation was found to have been inadequate in fixation of minimum wages and in ending strikes.

The finding that there had been consultation in establishment and participation in labour boards shows compliance of the Labour Institutions Act 2007, which prescribes the formation and membership of labour institutions. One such institution is the National Labour Board which has representatives from the three parties. One of the functions of the Board is the legislation affecting employment and labour. This touches on review of labour laws. This

compliance is supported by Fashoyin (2001) who has emphasized the role of tripartite partners, especially in formulation and implementation of labour law as significant.

The finding that consultation is important in establishment of labour boards is supported by Sivananthiran and Ratham (2003) who have explained the manner of consultation in Japan namely, before enactment or amendment of labour legislation or major labour policy changes there is first discussion in tripartite deliberative councils. Moreover, Alby, Azam and Rospabe (2005) have emphasized that most African countries have tripartite consultation framework and Kenya is not an exception.

The National labour institutions such as the National Labour Board has been effective in dealing with issues of ratification of international standards, review of national legislation and plays an advisory role to the government. Conversely, the challenges of partners to consult in fixation of minimum wages are supported by Irungu (2011) who indicated standoff of sorts in negotiations. He has explained that in 2011 COTU threatened a nation wide strike if the wage for Nairobi workers was not revised to Kshs. 7,347. Employers on the other hand threatened to react to the rise in minimum wage by raising prices of consumer goods and further moving workers on permanent and contract status to casual terms.

The challenge faced in consultation to effectively bring strikes to an end is supported by Mutoro (2011) who observed that Kenya's emerging trend of labour disputes threats was worrying. For instance, the threat of strike by KPLC was averted at the eleventh hour and had it been effective it would have plunged the country into total darkness (Malalo, 2011). The Second General Survey on the 1976 Convention has explained that consultation should be

distinguished from mere information and co-determination. Hence, consultation is intended rather than leading to an agreement to assist the competent authority in taking a decision.

It is worth noting that consultation in ending strikes had taken place and parties had been witnessed involving one another in times of Industrial actions. However, it was gathered during interviews that government officials boycotted meetings and those who were sent lacked authority to make key decisions hence prolonging strikes. Indeed, it is the existing prescribed machinery that had brought in place return to work formula and normalcy in state corporations once involved in strikes.

The reluctance by the government in consultation to avert or end strikes is supported by Etukudo (1995) that tripartism had become a charade in many African states as social partners were manipulated. Hence, the effectiveness of tripartite consultation ultimately depends on whether there is political will, since the government is a key player.

#### **4.3.6 Qualitative Analysis on Tripartite Consultation**

As regards tripartite consultation, it was gathered that consultation between the government, COTU (K) and FKE takes place in three different platforms. First in the National Labour Board where the government representatives in the Ministry of Labour prepare economic paper addressing the statutory minimum wage. The paper spells out entitlements of employers and employees. Then COTU (K) and FKE present counter proposals. Hence, the parties participate in the National Labour Board and negotiate on statutory requirements. However, though they all participate, it was established that the government has an upperhand in decisions arrived at.

Second, the parties participate in General Wage Order meetings. Since bipartite consultation is faced by many challenges the FKE and COTU (K) assist in negotiations. FKE guides on the minimum legal requirements which employers must comply with. They insist that what is given above the minimum amounts to privilege. An position highly opposed by COTU (K).

The FKE and COTU (K) participate at the National Industrial Training Authority (NITA) and encourage members to give placement to employees and trainees. The parties also participate in drafting national policies and oversee the implementation of labour policies by members. Besides, the partners consult in the following areas: fixation of minimum wages, review of salaries, welfare of staff, review of labour laws, during industrial action they consult on best ways of ending strikes and assist in negotiation of CBAs. Finally, at the Industrial Court parties meet in their capacities to represent their members in disputes and the Ministry of Labour officials as arbiters.

#### **4.4 ROLE OF SOCIAL PARTNERS**

##### **4.4.0 Introduction**

The role of social partners was the first independent variable of the study. An independent variable is antecedent to the dependent variable (Kothari, 2005). Sarantakos (1998) has emphasized that an independent variable causes changes in dependent variable. Hence, the study assumed that the role of social partners influenced the performance of state corporations. This section therefore covers the factor analysis, descriptive analysis and discussions of data collected on the role of social partners and then the reliability test, correlation and regression analysis of the same. Finally, the intervening effect of tripartite

consultation between the role of social partners and performance of state corporations is presented followed by qualitative analysis.

#### **4.4.1 Factor Analysis of the Role of Employers and Trade Unions**

Factor Analysis was administered on data collected on the role of employers and trade unions in organizations regarding tripartite consultation. The role of employers which recorded a threshold of less than .33 were information on the content of Industrial Relations Charter and publicity of the Charter. The role of trade union which had less than .33 loading was displaying of the Industrial Relations Charter. The factors which had less than .33 were excluded in further statistical analysis of data as pointed out by Kothari (2005) that a threshold of .33 is the minimum absolute value to be interpreted. The thresholds realized are presented (see Annex Vii).

#### **4.4.2 Descriptive Statistics on the Role of Employers in Organizations**

In response as to whether employers negotiate with trade unions, 27.2% of respondents strongly agreed, 53.4% agreed, 9.7% were neutral, 5% disagreed and 4.7% strongly disagreed. The view that employers sign collective agreement with unions was strongly supported by 26.9% of respondents, 53.4% agreed, 9.3% were neutral, 6.1% disagreed and 4.3% strongly disagreed. Besides, 20.1% of respondents strongly agreed that employers recognize trade unions as the sole representatives of employees, 53% agreed, 12.9% were neutral, 10% disagreed and 3.9% strongly disagreed. Besides, the opinion that employers assist in settlement of grievances was strongly supported by 17.2% of the respondents, 48.2% agreed, 16.5% were neutral, 11.5% disagreed, whereas 6.5% strongly disagreed.



In response as to whether employers allow employees right to participate in union activities without discrimination, 13.3% strongly agreed, 46.6% agreed, 19.4% were neutral, 10.4% disagreed, whereas 10.4% strongly disagreed. Moreover, 8.2% of respondents were of the view that employers assist in settlement of agreements speedily, 33.7% agreed, 30.1% were neutral, 17.2% disagreed, whereas 10.8% strongly disagreed. In response as to whether employers' roles in organizations had improved the performance of organizations, 12.5% strongly agreed, 47% agreed, 21.9% were neutral, 7.2% disagreed, whereas 11.5% strongly disagreed.

In response as to whether employers allow employees right to enroll and continue being union members, 29.4% strongly agreed, 55.6% agreed, 7.9% were neutral, 5% disagreed, whereas 2.2% strongly disagreed. In response as to whether employers influence policy and legal environment relative to labour related issues 9.3% strongly agreed, 34.1% agreed, 33.7% were neutral, 8.6% disagreed, whereas 14.3% strongly disagreed. Moreover, in response as to whether employers allow employees to exercise their rights to organize and bargain collectively 15.8% strongly agreed, 54.8% agreed, 8.2% were neutral, 11.5% disagreed, whereas 9.7% strongly disagreed.

Moreover, 14% of respondents strongly agreed with the view that employers allow employees the right to approach management on personal problems, 34.4% agreed, 25.8% were neutral, 9.3% disagreed, whereas 16.5% strongly disagreed. The view that employers sought to end strikes was strongly supported by 12.9% of respondents, 49.8% agreed, 19.4% were neutral, 9.7% disagreed, whereas 8.2% strongly disagreed. Thus, on average 17.2% of respondents strongly agreed that employers play their roles, 47% agreed, 17.9% were neutral,

9.3% disagreed, whereas 8.6% strongly disagreed. The responses are presented (see Table 4.9)

**Table 4.9 Role of Employers in Organizations**

Statements	SA	A	N	D	SD
Negotiates	27.2	53.4	9.7	5	4.7
Sign collective agreement	26.9	53.4	9.3	6.1	4.3
Recognize trade unions	20.1	53	12.9	10	3.9
Settlement of grievances.	17.2	48.2	16.5	11.5	6.5
Participate in union activities	13.3	46.6	19.4	0.4	10.4
Adequate settlement of agreements	8.2	33.7	30.1	17.2	10.8
Contribution to performance.	12.5	47	21.9	7.2	11.5
Allows employees right to enroll	29.4	55.6	7.9	5	2.2
Influence policy	9.3	34.1	33.7	8.6	14.3
Rights to bargaining collectively.	15.8	54.8	8.2	11.5	9.7
Seek to end strikes	12.9	49.8	19.4	9.7	8.2
Address employees' personal problems.	14	34.4	25.8	9.3	16.5
<b>Average</b>	<b>17.2</b>	<b>47</b>	<b>17.9</b>	<b>9.3</b>	<b>8.6</b>

The information gathered showed that employers negotiate with unions, sign collective agreements with unions, recognize trade unions as the sole representatives of employees, allow employees right to enroll and continue being union members, allow employees right to organize and bargain collectively, assist in settlement of grievances, allow employees right to participate in union activities without discrimination. These findings are supported by Fashoyin (2011) who explained that FKE plays an important role in negotiating and signing of collective agreements on behalf of its member companies both at industrial and company levels. Besides, the commitment of FKE in the Industrial Relations Charter of 1980 was to

accord recognition to trade unions appropriate to their industries as negotiating bodies for their employees. In the agreement employers committed themselves to grant employees rights to enroll or continue being union members.

However, though employers have a role to influence policy and legal environment relative to labour related issues as explained by Silva (1997), it was found that they did not have much influence. Though they participated in submitting counter proposals to proposals by the Ministry, the main decision on labour issues was at the discretion of the government through its labour department.

This is further supported by Irungu (2011) when the Government offered a 10 percent increase in minimum wage without consulting and agreeing with FKE. Consequently, KAM threatened to pass the increase in payroll costs to consumers in form of high commodity prices, a pointer of lack of adequate influence in policy and legal environment. However, overall finding was that the role employers played in improved the performance of organizations.

#### **4.4.3 Descriptive Statistics on Role of Trade Unions**

In response as to whether trade unions had discouraged any breach of peace by union members 14.6% of respondents strongly agreed, 53.3% agreed, 16.8% were neutral, 9.3% disagreed, whereas 5.4% strongly disagreed. The view that trade unions had discouraged union activities during working hours unless allowed by law was strongly supported by 24.7% of respondents, 49.1% agreed, 13.6% were neutral, 9.7% disagreed, whereas 2.9% strongly disagreed. The opinion that unions always discourage practices such as negligence

of duty, damage to property, insubordination, use of abusive language by union members was strongly supported by 29% of respondents, 49.5% agreed, 12.2% were neutral, 6.1% disagreed, whereas 3.2% strongly disagreed.

The view that trade unions had maintained a high number of union members in organizations were strongly supported by 24% of respondents, 36.9% agreed, 24.7% were neutral, 9.3% disagreed, whereas 5% strongly disagreed. The statement that unions had helped secure fairer wages for employees in the light of the cost of living was strongly supported by 8.2% , 29.4% agreed, 19.7% were neutral, 31.2% disagreed, whereas 11.5% strongly disagreed.

The view that trade unions had improved workers' working conditions by securing shorter working hours for them was strongly supported by 6.5% of respondents, 17.9% agreed, 29.4% were neutral, 23.7% disagreed, whereas 22.6% strongly disagreed . The statement that trade unions had helped in establishment of better working facilities was strongly supported by 4.3% of respondents, 24.7% agreed, 29.7% were neutral, 27.2% disagreed, whereas 14% strongly disagreed. In response as to whether trade unions had assured workers a share of profits of their organizations was strongly supported by 1.1% of respondents, 1.8% agreed, 9.7% were neutral, 55.6% disagreed, whereas 31.9% strongly disagreed.

The view that trade unions had safeguarded employees against exploitation was strongly supported by 5.7%, 39.1% agreed, 24% were neutral, 22.6% disagreed, whereas 8.6% strongly disagreed. The opinion that trade unions had resisted retrenchment of employees and had secured their work was strongly supported by 14.7%, 21.5% agreed, 30.5% were neutral, 17.2% disagreed, whereas 16.1% strongly disagreed. The view that trade unions had acted as a medium through which workers' interests and grievances were expressed was strongly

supported by 17.9% of respondents, 62% agreed, 12.5% were neutral, 3.6% disagreed, whereas 3.9% strongly disagreed.

In response to the view that trade unions had engaged in collective bargaining, 25.8% of respondents strongly agreed, 54.5% agreed, 10.4% were neutral, 3.9% disagreed, whereas 5.4% strongly disagreed. The statement that unions had discouraged breach of peace or civil commotion by union members was strongly supported by 16.5% of respondents, 49.8% agreed, 23.3% were neutral, 6.5% disagreed, whereas 3.9% strongly disagreed.

The opinion that unions had always sought to bring strikes to an end was strongly supported by 13.3% of respondents, 5.4% agreed, 17.2% were neutral, 10.6% disagreed, whereas 5.4% strongly disagreed. The view that the role of the trade unions had improved the performance of organizations was strongly supported by 9.7% of respondents, 45.9% agreed, 26.5% were neutral, 10.8% disagreed, whereas 7.2% strongly disagreed. On average, 13.8% of respondents strongly agreed that the roles of trade unions had improved the performance of organizations, 37% agreed to the view, 37.5% were neutral, 17.7% disagreed, whereas 11.6% strongly disagreed. The responses are presented (see Table 4.10).

**Table 4.10 Role of Trade Unions**

<b>S/No. Statement</b>	<b>S A</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>S D</b>
Discourages breach of peace by members.	14.7	53.3	16.8	9.3	5.4
Discourages union activities during working hours	24.7	49.1	13.6	9.7	2.9
Discourages negligence of duty	29.0	49.5	12.2	6.1	3.2
Maintains high membership	24.0	36.9	24.7	9.3	5.0
Secures fairer wages	8.2	29.4	19.7	31.2	11.5
Improves working conditions	6.5	17.9	29.4	23.7	22.6
Establishment of better working facilities.	4.3	24.7	29.7	27.2	14.0
Assures share of profits.	1.1	1.8	9.7	55.6	31.9
Safeguards against exploitation.	5.7	39.1	24.0	22.6	8.6
Resists retrenchment	14.7	21.5	30.5	17.2	16.1
Acts as medium of workers	17.9	62.0	12.5	3.6	3.9
Engages in collective bargaining	25.8	54.5	10.4	3.9	5.4
Discourages breach of peace	16.5	49.8	23.3	6.5	3.9
Seeks to end strikes.	13.3	54.1	17.2	10.6	5.4
Contribution to performance	9.7	45.9	26.5	10.8	7.2
<b>Average</b>	<b>18</b>	<b>39.3</b>	<b>20</b>	<b>16.5</b>	<b>9.2</b>

The information gathered showed that trade unions had discouraged breach of peace by union members, had discouraged union activities during working hours unless allowed by law, had discouraged negligence of duty, damage to property, insubordination, use of abusive language, had maintained a high number of union members in organizations, had acted as a medium through which workers' interests and grievances were expressed, had engaged in

collective bargaining and always sought to bring strikes to an end. The role played by trade unions as found by the study is supported by Nzuve (2007) who has explained trade union roles as indicated above.

Besides, Waweru (2007) has asserted that trade unions engage in collective bargaining which the study established. Indeed, Alby, Azam and Rospabe (2005) have elaborated that in response to the power of employers against workers, governments empower labour unions to represent workers collectively and protect particular union strategies in negotiations with employers. This protection is enshrined in the Labour Relations Act 2007, where unions are given a right to participate in collective bargaining and management is obliged to disclose all relevant information that allows unions to negotiate effectively.

However, trade unions had not helped secure fairer wages for employees in the light of the cost of living, had not improved workers working conditions by securing shorter working hours for them, had not helped in establishment of better working facilities, had not assured workers a share of profits of their organizations, had not safeguarded employees against exploitation and had not resisted retrenchment of employees to secure employees' work (Rittau & Dundon, 2010).

The findings that trade unions had not performed the roles above is supported by Rittau and Dundon (2010) who found that unions in Ireland had learnt to live with the paradox of declining influence while retaining bargaining power on macro- economic policy. Union influence had declined in Kenya and for the partners to play their roles effectively; they needed to be strong and independent as envisaged by Fashoyin (2001).

Though unions are expected to guarantee employees a share in profits, it should be appreciated that most state corporations are service providers and non-profit making. They were established to provide support to the public (Kulasereka, 2000). Trade unions were found not to have resisted retrenchment. The Employment Act (2007) grants management the right to continue and retrench employees even when a union protests the retrenchment in a labour Court. A case in point is the one of Kenya Airways which retrenched its 599 employees amidst union opposition.

There was a strong feeling that trade unions had not secured fairer wages in the light of the cost of living. However, it is important to note that as Irungu (2011) put it, nominal wages of Kenyan Workers had been reviewed and had gone up by an average of 3.5% percent. However, prices in goods and services had risen to a higher rate of 4.1 percent, leaving workers with negative real wages according to economic survey (2011). Hence, it does not mean that unions had not secured fairer wages, but the effect of high inflation which had hit the country had eroded the already reviewed salaries.

It is worth noting that due to the rate of inflation in the country, trade union could not have been viewed to have helped in securing fairer wages for employees. Irungu (2011) is emphatic that Kenyan workers lost buying power in 2010 despite being awarded pay increments after a two-year freeze caused by a combination of the 2008 post – election violence and global economic recession.

The finding that trade unions had not improved workers' working conditions by securing shorter working hours was an obligation at the factory work environment. Indeed, the Employment Act (2007) prescribes the official working hours above which any extra hour



translates to overtime. This had been observed by state corporations and unions could not change a legal prescription of eight hours a day and nine hours inclusive of breaks.

#### 4.4.4 Factor Analysis on the Role of the Ministry of Labour

Factor analysis was applied on data collected on the role of the Ministry of Labour in organizations as regards tripartite consultation. The variables which registered thresholds of less than .33 included: the Ministry improves performance of organizations, declares strikes illegal and avoids overlapping of trade union areas. The thresholds are presented (see Table 4.11).

**Table 4.11 Thresholds of the Role of Ministry of Labour**

<b>Role of Ministry of Labour</b>	<b>Thresholds</b>
Ensures implementation of labour law	.672
Consults with FKE and COTU	.627
Implements government labour policy	.617
Promotes trade unionism on industrial basis	.457
Ensures settlement of disputes	.300
Improves organizational performance	.134
Declares strikes illegal	.129
Avoids Overlapping of trade union areas	.069

#### 4.4.5 Reliability

Data collected relating to the role of social partners was subjected to reliability test. The Cronbach's Alpha of the 35 items of the role of social partners as an independent variable was established to be .922. This made that there was a high degree of reliability of study instrument and data. The Cronbach's Alpha met and surpassed the minimum reliability coefficient of .70 given by (Nunnally & Bernstein, 1994) (see Table 4.12).

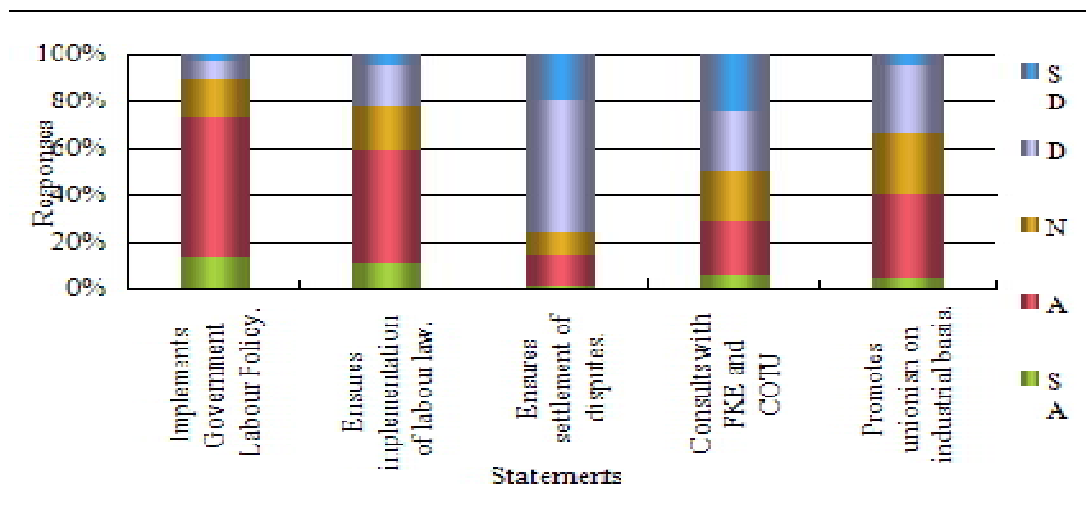
**Table 4.12 Cronbach's Alpha of Items of Role of Social Partners**

Cronbach's Alpha	No. of Items
.922	34

#### 4.4.6 Descriptive Statistics on the Role of the Ministry of Labour

The view that the Ministry of Labour had ensured implementation of labour law was strongly supported by 11.8% of respondents, 57.1% agreed, 18.3% were neutral, 7.5% disagreed, whereas 4.3% strongly disagreed. Besides, in response as to whether the Ministry had jointly consulted with FKE and COTU(K) on employment policy and labour administration, 9% of respondents strongly agreed, 48% agreed, 27.6% were neutral, 11.8% disagreed, whereas 3.2% strongly disagreed. In response as to whether the Ministry of Labour had initiated, elaborated and implemented government labour policy 14% of respondents strongly agreed, 59.1% agreed, 16.5% were neutral, 7.5% disagreed and 2.9% strongly disagreed.

The statement that the Ministry had ensured speedy settlement of disputes in labour issues was strongly supported by 1.1% of respondents, 14% agreed, 9.7% were neutral, 55.9% disagreed, whereas 19.4% strongly disagreed. The view that the Ministry of Labour had promoted trade unionism on industrial basis was strongly supported by 5% of respondents, 45.7% agreed, 25.5% were neutral, 18.7% disagreed, whereas 5% strongly disagreed. The responses were as presented (see Figure 4.5).



**Fig. 4.5 Role of the Ministry of Labour**

The information gathered showed that the Ministry of Labour had initiated, elaborated and implemented government labour policy, had ensured implementation of labour law and had jointly consulted with FKE and COTU. The above findings are supported by Ishikawa (2003), who has explained that the Ministry of Labour is the key government department responsible for the initiation, elaboration and implementation of government policy. Besides, Lecuyer (1997) has elaborated that social dialogue implies listening; exchange and active involvement of all partners, in order to carry forward a discussion and find support of its

actions. The Ministry has achieved this role through its reported effective participation of employers' and employees' representatives.

This is supported by system's theory of input transformation which is achieved in employee relations through bargaining, conciliation, arbitration, legislation and judgment. This is the role of third party intervention (Singh & Singh, 2011).

Besides, Alby, Azam and Rospabe (2005) have explained the reasons behind Government intervention in the labour market. They have asserted that the theory underlying most interventions is that free labour markets are imperfect, and that as a consequence there are rents in the employment relationships. Hence, employers abuse workers to extract the rents, leading to both unfairness and inefficiency. Hence, workers need to be supported by the state. The Kenyan Government has intervened to protect workers through the initiation, elaboration and implementation of labor policy and law as found by the study.

However, the findings established that the Ministry of Labour had not ensured speedy settlement of disputes in labour issues and administration and had not fully promoted trade unionism on industrial basis. The finding that the Ministry had failed to adequately perform its role is supported by Fashoyin (2001) who has explained that in spite of its enormous responsibility of promoting social dialogue and other labour administration services, the Ministry's Capacity to deliver timely and effective services is inadequate. This had been caused by resource constraints and capacity building restricted by inadequate budgetary allocation.

The three social actors having performed their roles reflects the Systems Approach to Industrial Relations developed by Dunlop in 1958. Dunlop argued that an Industrial Relations System seeks to create rules which are the output of the system. The rules govern the duties and performance expected of workers and defines rights and duties of employers and employees (Sivarethinamohan, 2010). The actors by Dunlop who include employers, employees and the state were found to have performed their duties which had translated positively towards state corporations' performance.

#### **4.4.7 Qualitative Analysis on Role of Social Partners**

Out of the interview conducted and information gathered from human resource officers, union officials, Ministry of Labour officials and officials of FKE and COTU (K), the employers play various roles. First, they initiate social dialogue; ensure industrial harmony; ensure all government statutory requirements are met; provide human resource details to union officials; and represent interests of employers in terms of policy, legal requirements, cost of doing business and administer CBAs.

Besides, it was gathered that FKE ensures that treatment of employers is fair; it participates in creation of friendly environment which achieves win – win – win situation, participates in labour boards, and general Wage Councils and as an ILO member participates in quarterly conferences and discussions of ILO Conventions. Furthermore, FKE benchmarks with other countries and advices on best practices. Its technical committee is involved in drafting national policies and also oversees implementation of the labour policies. FKE arbitrates employers in disputes, trains on labour law, new constitution and Industrial Relations, represents employers at the Industrial Court and advises on Industrial Relations procedures

followed in organizations to ensure that the right ones are implemented. FKE is also consulted by employers for interpretation of actions whose consequences are not known to them.

As regards the role of trade unions in organizations, it was gathered that trade unions represent unionizable employees on all labour issues; act as medium of communication with management on behalf of employees; advice and educate employees on labour law; assist in dispute resolution at all levels namely, shop floor, branch and national; negotiate CBAs with employers; represent employees on disciplinary issues; research on best practices in other organizations and share with management and members; sensitize members on organizations' policies, rules and regulations and ensure that CBAs are adhered to.

The roles played by the Ministry of Labour as gathered included the following; conciliation, mediation, arbitration and adjudication of parties in disputes. Besides, the Ministry inspects the working conditions to implement the Occupational Safety and Health Act 2007 in order to create conducive working environments.

However, it was established that the Ministry experiences many challenges such as human resource constraints in terms of numbers making it impossible to cover all counties effectively. The labour officers lack in training and competence to offer adequate services. Infrastructural incapacity as regards inadequate equipment, vehicles, financial inadequacy occasioned by low budgetary allocation compared with other ministries was established as a big challenge for effective performance. Moreover, the ministry had very few officers trained in conciliation, mediation, and labour laws all being challenges faced in averting strikes.

#### **4.4.8 Role of Social Partners Versus Performance of State Corporations**

##### **4.4.8.1 Correlation**

A scatter plot was used to present the data collected on the role of social partners versus the performance of state corporations as independent and dependent variables respectively. A Scatter Plot gives a good visual picture of the relationship between two variables and aids in the interpretation of the Correlation Coefficient or Regression Model (Klara, 2010). The scatter plot indicated a positive association between the role of social partners and the performance of state corporations. The scatter plot is presented (see Annex Viii).

The Pearson Correlation coefficient informs a researcher the magnitude and direction of the relationship between two variables and the bigger the coefficient the stronger the association (Mugenda & Mugenda, 2003). The Pearson Correlation coefficient of the role of social partners versus performance of state corporations as independent and dependent variables respectively was computed and established as 0.519. It could then be concluded that there is moderate positive correlation between the two variables since the results belong to the moderate category namely, 1.0 to 0.5 according to (Choudhury, 2009).

Hence, the role of social partners significantly influences the performance of state corporations at 95% confidence level because the P-Value for the Pearson Correlation coefficient was .000 which is less than 0.05. So the alternative hypothesis was accepted and remained as stated that the role of social partners has affected the performance of state corporations. The Correlation results of the two variables are presented (see Table 4:13).

**Table 4.13 Pearson Correlation Coefficient of the Role of Social Partners Versus Performance of State Corporations**

		<b>Performance of State Corporations</b>	<b>Role of Social Partners</b>
Performance of State Corporations	Pearson Correlation	1	0.519**
	Sig. (2-tailed)		0.000
	N	279	279
Role of Social Partners	Pearson Correlation	.519**	1
	Sig. (2-tailed)	0.000	
	N	279	279

From Table 4.14 it is clear that the role of social partners has a positive effect on performance of state corporations, with a gradient of 0.208. This implies that a unit change in the role of social partners increases performance of state corporations at the rate of 0.208.

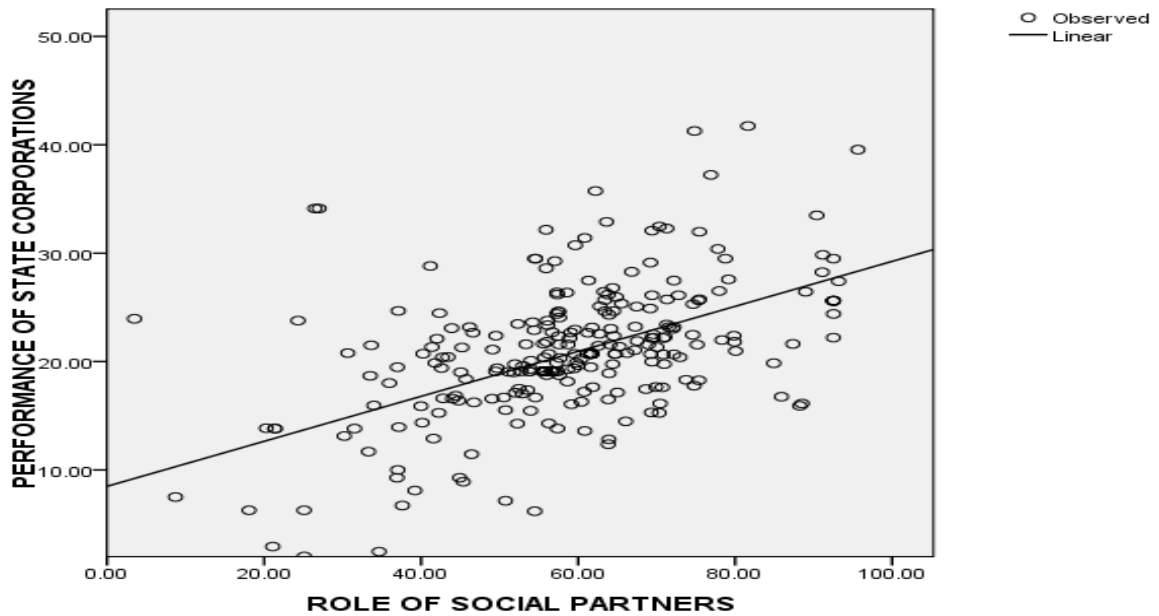
**Table 4.14 Coefficient of the Role of Social Partners Versus Performance of State Corporations**

<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>t</b>	<b>Sig.</b>
(Constant)	8.492	1.249		6.801	0.000
Role of Social Partners	0.208	0.021	0.519	10.099	0.000

#### 4.4.8.2 Regression

Since the scatter plot in Figure 4.7 indicated a linear association between the role of social partners and performance of state corporations, then a regression line could be fitted for the two variables. This means that the role of social partners predicts the performance of state corporations (see Figure 4.6).





**Fig. 4.6 Regression line of Role of Social Partners Versus Performance of State Corporations**

The Goodness-of-Fit namely; R-Square for the role of social partners was computed and established to be .269. This means that 26.9% of variation in performance of state corporations can be explained by the role of social partners. The remaining percentage of 73.1% is explained by the other variables namely; tripartite consultation system, economic change, relationship between the social partners and tripartite consultation. The GOF is presented (see Table 4.15).

**Table 4.15 GOF for Role of Social Partners Versus Performance of State Corporations**

<b>Model</b>	<b>R</b>	<b>R-Square</b>	<b>Adjusted R-Square</b>	<b>Std. Error of the Estimate</b>
1	.519	0.269	0.266	5.492

#### 4.4.8.3 Intervening Effect of Tripartite Consultation Between the Role of Social Partners and Performance of State Corporations

To test whether tripartite consultation intervened between the role of social partners and performance of state corporations, partial correlation coefficient was computed. Partial correlation coefficient measures separately the relationship between two variables in such a way that the effects of other related variables are eliminated / controlled (Kothari, 2005). The results obtained showed that the correlation coefficient when the effect of tripartite consultation as an intervening variable is present between the role of social partners and performance of state corporations was 0.519. The correlation coefficient when the effect of tripartite consultation was controlled between the role of social partners and performance of state corporations was 0.375. Hence the difference between 0.519 and 0.375 is 0.144. It is therefore clear that tripartite consultation intervenes positively in the performance of state corporations (see Table 4.16).

**Table 4.16 Effects of the Intervening Variable**

<b>Independent Variable</b>	<b>Performance of State Corporations</b>		<b>Difference</b>
	<b>Correlation coefficient when the effect of intervening variable is present</b>	<b>Correlation coefficient when the effects of intervening variable is controlled</b>	
Role of Social Partners	0.519	0.375	0.144

## **4.5 TRIPARTITE CONSULTATION SYSTEM**

### **4.5.0 Introduction**

Tripartite consultation system was the second independent variable of the study. The study assumed that the tripartite consultation system influenced the performance of state corporations. This section covers the factor analysis, descriptive analysis and discussion, reliability test, correlation and regression analysis of data collected on tripartite consultation system. Finally, the intervening effect of tripartite consultation between tripartite consultation system and performance of state corporations is presented.

#### **4.5.1 Factor Analysis on the Process of Tripartite Consultation**

Factor Analysis was administered on data collected on the process of tripartite consultation. All variables registered thresholds of above .33. Hence, they were all considered for further statistical analysis. The factor loadings established are presented (see Table 4.17).

**Table 4.17**    **Thresholds of the Process of Tripartite Consultation**

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<b>Process of Tripartite Consultation</b>	<b>Thresholds</b>
Government control over CBAs	.712
Management speedy implementation of CBAs	.607
Recognition of trade unions	.564
Adequate implementation of court awards	.549
Improved performance of organizations	.525
Fast conclusion of CBAs	.418
Prompt strike notices	.359

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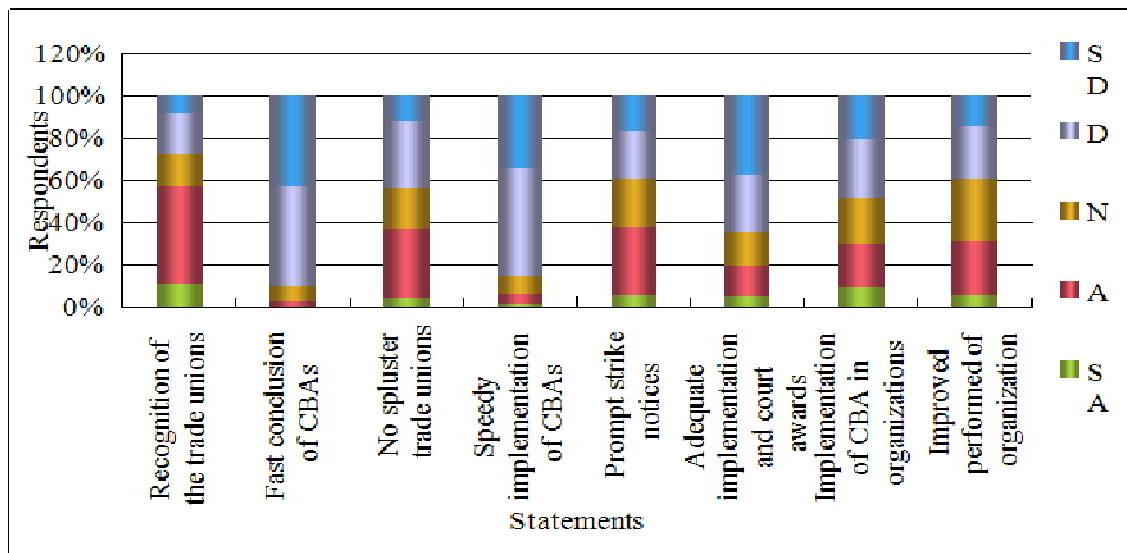
#### **4.5.2 Descriptive Statistics on the Process of Tripartite Consultation**

In response to the view that management had highly recognized trade unions as the employees' main representative, 11.9% of respondents strongly agreed, 46.6% agreed, 15.1% were neutral, 19% disagreed, whereas 8.1% strongly disagreed. In response to the view that there had been no delay in the conclusion of collective bargaining agreement .7% of respondents strongly agreed, 2.7% agreed, 6.5% were neutral, 4.75% disagreed, whereas 42.1% strongly disagreed. The opinion that strong cohesion within unions had not culminated in neither breakup nor new groups seeking registration was strongly supported by 4.3% of respondents, 3.3% agreed, 19% were neutral 31.5% disagreed, whereas 11.8% strongly disagreed.

Besides, in response to the view that management had speedily implemented concluded collective agreements culminating to no strikes, 1.4% of respondents strongly agreed, 5%

agreed, 8.6% were neutral, 50.9% disagreed, whereas 34.1% strongly disagreed. The opinion that the management and the Ministry of labour had promptly given strike notice reducing strikes in organizations was strongly supported by 6.1% of respondents , 32.3% agreed, 22.6% were neutral, 22.9% disagreed, whereas 16.1% strongly disagreed.

Moreover, the opinion that management had adequately implemented Industrial Court awards was strongly supported by 5.4% of respondents, 14% agreed, 16.4% were neutral, 26.9% disagreed, whereas 37.3% strongly disagreed. The suggestion that the government through the ministry of labour had implemented collective agreements in organizations was strongly supported by 9.3% of respondents, 20.8% agreed, 22.2% were neutral, 26.9% disagreed, whereas 20.8% strongly disagreed. The suggestion that the above factors had not negatively influenced the performance of organizations was strongly supported by 6.1% of respondents, 25.1% agreed, 29.7% were neutral, 24.7% disagreed, whereas 14.3% strongly disagreed. The responses are presented (see Figure 4.7).



**Fig 4.7 Process of Tripartite Consultation**

The information gathered showed that management had highly recognized trade unions as employees' main representatives, being represented by 58.59% of respondents who agreed. However, there had been delay in the conclusion of collective bargaining agreement, there lacked strong cohesion within unions culminating to breakup and new groups seeking registration. Furthermore, management had not speedily implemented concluded collective agreements which culminated to strikes; the management and ministry of labour had not succeeded in promptly declaring strikes illegal and hence had not succeeded in reducing strikes in some organizations. Moreover, management had not adequately implemented Industrial Court Awards and the government through the Ministry of labour had not adequately helped in implementation of collective agreements in organizations.

The finding that management had recognized trade unions is supported by Cockar (1981) who has pointed out that the first and foremost step in establishing the relationship between a trade union and an employer is the Recognition Agreement. The Agreement provides for the recognition of a trade union as the body entitled to represent the interests of employees. However, though management was found to have recognized trade unions, statistics gathered from the Industrial Court Disputes Register on registered disputes indicated that between 2002 and June 2012, 345 cases of failure to recognize trade unions by management had been registered with the Court. The reported cases had increased in the last four years. This is a strong prove of a high level of non-recognition of trade unions by management. However, after intervention by Industrial Court, trade unions were recognized. The trend is presented (see Table 4.18).

**Table 4.18      Reported Disputes of Union Non-Recognition**

<b>Year</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Reported Cases	15	18	11	25	28	31	35	53	43	76	12

**Source:**      Industrial Court Disputes Register.

The finding that management had delayed in concluding collective agreements and where the agreement had been concluded, management had not fully implemented the agreement culminating to strikes contradicts the legal requirement of the Labour Relations Act, 2007, that after recognition, management is required to conclude and implement a Collective Agreement with the union. Indeed, the *Economic Survey 2011* concurs with the finding that the number of Collective Bargaining Agreements had declined from 266 in 2010 compared to 297 in 2008.

Besides, statistics gathered from the Industrial Court Register showed that registered Collective Agreements had reduced from 292 in 2008/2009 to 220 in 2011/2012 financial year (see Table 4.19). The decline in collective agreement is attributed to growing economic difficulties, which had caused business closure, or had induced the parties to continue with existing conditions/agreements or even to abandon the bargaining process altogether (Fashoyin, 2001).

**Table 4.19      Registered Collective Bargaining Agreements Between 2008 - 2012**

<b>Year</b>	<b>2008 - 2009</b>	<b>2009 - 2010</b>	<b>2010 - 2011</b>	<b>2011-2012</b>
Registered CBAs	292	342	300	220

**Source:**      Industrial Court CBAs Register.

The finding that strong cohesion within unions lacked culminating to breakup and new groups seeking registration is supported by Aluchio (1998) who explained that even after recognition rights had been settled, there had always been infighting within unions, culminating in new groups which continuously sought recognition rights. Besides, statistics gathered indicated that thirteen trade unions had split from their mother unions and formed other independent unions.

This was viewed as a factor which had weakened unions in Kenya. Indeed, as Singh and Singh (2011) put it, employees join unions to protect their interests and influence decision making. The duo are emphatic that in a pluralistic view which embraces diversity of interests, strong unions are not only desirable but necessary. The splinter unions weaken union influence. The splinter unions in Kenya are presented (see Annex ix).

The existence of tripartite consultation system is made to harmonise the different interests of the social actors in Kenya's employment relations. The diversity of actors is reflected by the pluralism theory originally advanced by Elton Mayo and later picked up by Allan Flanders. Flanders has asserted that organizations have powerful and divergent sub-groups each with its own legitimate loyalties, objectives and leaders (Ikeanyibe & Onyishi, 2011). Hence, trade unions are legitimate representatives of employees' interests. The stability of relations is a product of concessions and compromise between management and union through collective bargaining as a key step in the system.

The existence and functioning of the tripartite consultation system in Kenya supports the Industrial Relations System advanced by Dunlop in Singh and Singh (2011). The actors in the system include employers, employees and the state. Besides, the transformation in the system



includes collective bargaining; conciliation, arbitration, legislation and judgment. This is followed in Kenyan context where collective bargaining is done between trade unions and employers and their representatives. Conciliation, arbitration, legislation and judgment are done through the third party intervention of the state through the Ministry of Labour. This process of transformation comes out with rules governing compensation, duties and rights of the actors.

#### **4.5.3 Factor Analysis on Factors Contributing to Strikes in State Corporations**

Factor analysis was applied on data collected on factors contributing to strikes in state corporations. The variable with the highest loading was regular review of CBAs and one with the lowest was lack of splinter unions. All the factors registered thresholds of above .33 and they were considered for further statistical analysis. The factor loadings are presented (see Table 4.20).

**Table 4.20** Thresholds of Factors Contributing to Strikes in State Corporations

<b>Variables</b>	<b>Thresholds</b>
Regular review of CBAs	.666
Adequate handling of labour issues	.655
Adequate implementation of collective agreement	.649
Effective implementation of IC awards	.574
Militancy not embraced by unions	.563
Prompt submission of disputes to IC	.546
Improvement of performance	.525
Culture of violence lacks in organization	.524
Strikes not affected performance	.460
Effectiveness of strikes in handling problems	.332
No splinter unions	.330

#### **4.5.4 Reliability**

The reliability of the 18 items of tripartite consultation system was computed and the Cronbach's Alpha was established to be .815. This meant a high degree of reliability of data according to (Nunnally & Bernstein, 1994). The results are presented (see Table 4.21).

**Table 4.21** Cronbach's Alpha of Items of Tripartite Consultation System

<b>Cronbach's Alpha</b>	<b>No. of Items</b>
.815	18

#### **4.5.5 Descriptive Statistics on Factors leading to Strikes in State Corporations**

In response as to whether management had adequately implemented Collective Agreements leading to no strikes, 2.9% of respondents strongly agreed, 11.1% agreed, 11.1% were neutral, 57.7% disagreed, whereas 17.2% strongly disagreed. The view that preparedness and seriousness on dealing with simple issues which developed into major ones had led to lack of strikes was strongly supported by 4.3% of respondents, 13.2% agreed, 11.5% were neutral, 55.2% disagreed, whereas 15.8% strongly disagreed. In response to the view that trade unions had not embraced militancy as the most effective way of granting employees their rights, hence leading to lack of strikes was strongly supported by 5% of respondents, 24.7% agreed, 19.7% were neutral, 39.4% disagreed, whereas 11.1% strongly disagreed.

Besides, the opinion that though a culture of violence had been deeply rooted in Kenya and that had not been the case with state corporations was strongly supported by 5.5% of respondents, 33.8% agreed, 15.5% were neutral, 28.4% disagreed, whereas 6.8% strongly disagreed. In response to the view that management had regularly reviewed Collective Agreements within the stipulated time, 3.6% of respondents strongly agreed, 16.1% agreed, 9.7% were neutral, 37.3% disagreed, whereas 33.3% strongly disagreed. The suggestion that the Ministry of Labour had promptly submitted disputes for final settlement by Industrial Court avoiding strikes was strongly supported by 3.6% of respondents, 24.4% agreed, 18.6% were neutral, 29% disagreed, whereas 24.9% strongly disagreed.

The view that awards of Industrial Court had been effectively implemented by management leading to lack of strikes was supported by 5.4% of respondents, 11.8% agreed, 21.5% were neutral, 35.5% disagreed, whereas 25.8% strongly disagreed. The suggestion that strikes had

been the only effective means of employees having their problems addressed was strongly supported by 25.1% of respondents, 28.7% agreed, 17.2% were neutral, 18.6% disagreed, whereas 10.4% strongly disagreed. The opinion that strikes had not affected the performance of organizations was strongly supported by 8.6% of respondents, 16.1% agreed, 17.2% were neutral, 40.9% disagreed, whereas 17.2% strongly disagreed.

On average 8.2% of respondents strongly agreed that factors contributing to strikes had not been addressed, 20% agreed, 15.7% were neutral, 38% disagreed, whereas 18% strongly disagreed. The responses are presented (see Table 4.22).

**Table 4.22 Factors Contributing to Strikes in State Corporations**

<b>Statements</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
Adequate implementation of collective agreement	2.9	11.1	11.1	57.7	17.2
Handling labour issues adequately	4.3	13.3	11.5	55.2	15.8
Militancy not embraced by unions	5	24.7	19.7	39.4	11.1
Culture of violence lacks in organizations	5	33.8	15.5	28.4	6.8
Regular review of CBAs	3.6	16.1	9.7	37.3	33.3
Prompt submission of disputes to IC	3.6	24.4	18.6	29	24.9
Effective implementation of IC awards	5.4	11.8	21.5	35.5	25.8
Effectiveness of strikes in handling problems	25.1	28.7	17.4	18.6	10.4
Improvement in performance	8.6	16.1	17.2	40.9	17.2
<b>Average</b>	<b>8.2</b>	<b>20</b>	<b>15.7</b>	<b>38</b>	<b>18</b>

The information gathered indicated that strikes in state corporations had been triggered by: management failing to adequately implement collective agreements, lack of preparedness and seriousness on dealing with simple issues which developed into major ones; embracing of militancy by unions as an effective way of granting employees their rights and failure by management to regularly review collective agreement within the stipulated time.

The finding that management had not adequately implemented Industrial Court Awards, is against the Labour Relations Act 2007 which provides for the Minister to submit trade disputes for final settlement to labour courts. The failure to implement the ruling without following the procedure of appealing against the award is illegal in itself. Besides, information gathered showed that the Ministry of Labour had adequately played the role of submitting disputes for final settlement by the Industrial Court. However, many disputes had not been concluded by the Court. This is attributed to low staffing levels of the Industrial Court judges since, by 2011 the Court had only 5 judges but in 2012 the number was increased to 15. Attending to all issues of labour nationally presents a challenge to the Court and hence inadequate service to members who present their cases to the Court.

The increase in disputes reported to Industrial Court is attributed to direct access of all aggrieved employees to the Court as required by the new labour law enshrined in Labour Relations Act 2007. Before repealing of the law in 2007 unions presented cases of their members and employees who were not union members could not have their cases addressed by the Court. Besides, the finding that the Ministry of Labour had not promptly submitted disputes for final settlement by the Industrial Court leading to strikes was disapproved by the statistics gathered which confirmed that disputes had been submitted and registered by the Court.

However, it is worth noting that though the disputes were submitted they had not been finalized in good time and awards were not fully enforced to avoid strikes. For instance in 2011/2012 financial year 2267 disputes were registered 995 were finalized but 1313 were not. This is supported by the statistics in Table 4.23 which presents the backlog of Industrial Court cases between 2008/2009 to 2011/2012 financial years.

**Table 4.23 Disputes Received and Finalized**

<b>Year</b>	<b>2008 – 2009</b>	<b>2009 – 2010</b>	<b>2010 – 2011</b>	<b>2011 – 2012</b>
Disputes received	496	1271	1936	2267
Disputes finalized	204	479	1125	955
Back log	292	792	811	1312

**Source:** Industrial Court Disputes Report 2008 – 2012.

The finding that strikes were triggered by the failure of employers to implement collective agreement is supported by Mutoro (2011) who has pointed out that the UNTESU and UASU strikes in 2011 were due to the government’s failure to implement 2008 - 2009 and 2011 – 2012 CBAs. It is worth noting that the government here plays a duo role of being an employer and arbiter in labour issues and the role as an arbiter has not been adequately played. Besides, Malalo (2011) echoed Mutoro (2011) when he pointed out that the threat of strike by KPLC employees which was averted at the eleventh hour was caused by failure to review 2011/2012 CBA.

The finding that trade unions had embraced militancy as the most effective way of granting them their rights is supported by Jerome and O’dowd (2005) who are emphatic that unions

value the use of militancy in that through it they consider their legitimacy demonstrated. This is echoed by Aluchio (1998) who has explained that unions in Kenya came into being as vehicles of protest against working conditions. He is emphatic that most unions were formed either out of direct confrontation of workers and employers and were viewed as militant leaders of workers. The militancy of trade unions is supported by Marxist's theory which views them as both labour reaction to exploitation by capital, as well as a weapon to bring about a revolutionary social change (Aswathappa, 2009).

Hence, strikes had been used as a tool in negotiations when an impasse had been realized as prescribed by the Labour Relations Act 2007. Strikes had taken a centre stage in Kenya's labour relations. Indeed, they had negatively influenced performance where they had been experienced. This finding is supported by Minja and Aswani (2009) who showed that from 1995 to 2000 Kenya had experienced 381 strikes which involved 561,250 workers and 3,517,228 man hours were lost. Besides, between June 2011 and June 2012 the Ministry of Labour had recorded 49 strikes which involved 12,589 employees and 170,498 hours had been lost. This shows how strikes are deeply rooted in some industries in the country's labour relations and they are viewed effective means of solving labour issues.

#### **4.5.6 Qualitative Analysis on Tripartite Consultation System**

Generally, it was gathered that the existing tripartite consultation system had been adhered to, but with a lot of challenges. Trade Unions had been recognized and Recognition Agreements had been entered into. Out of the organizations interviewed, one organization lacked a Recognition Agreement though union officials and a Collective Bargaining Agreement were in place and respected. Besides, Collective Agreements had been concluded and implemented

with a lot of challenges. Management took long to counter union proposals and this was interpreted as a deliberate move by management to delay the process. Union officials lacked in negotiation skills while management had been well trained.

Furthermore, some management failed to avail information to union officials as required by law in preparation of proposals. This meant that management failed to negotiate in good faith. In addition, sometimes union officials were given wrong information. These challenges led to stalemates and consequently industrial actions. Employees who participated in such industrial actions suffered consequences such as transfers, temporary layoffs and dismissals. Generally, there was a strong feeling that strikes had been an effective tool of addressing employees' grievances such as pay.

As far as Employers Associations are concerned, collective bargaining had been hampered by lack of data on productivity and that every negotiation had been based on the cost of living, leading to compensating labour at the expense of capital. Besides, transparency in negotiations lacked and government concealed information. Hence, negotiations had been political instead of being economic. It was also established that there had been disrespect of wage guidelines which guide on review of wages after every twenty four months.

The government had worked to be popular and hence there had been no line between technocrats and politicians. In the move to gain support from employees, the government gave in to wage demands. These turned out to be unsustainable vis-a-vis the economic instability and national productivity. This culminated to industrial actions when unions blamed the government for not respecting signed pacts.



Furthermore, it was gathered that boycotts by unions were experienced during negotiations and that Unions went to negotiation tables with formed opinions that they would not be assisted by the Ministry of Labour. Furthermore, it was established that negotiations were clouded with suspicion that management always hid information from union officials. This made negotiations difficult and it was a cause of industrial acrimony in most organizations. Moreover, government representatives failed to attend meeting during stalemates and industrial actions. The officers send to represent the government lacked in legal authority to make decisions on behalf of the government.

#### **4.5.7 Tripartite Consultation System Versus Performance of State Corporations**

##### **4.5.7.1 Correlation**

A scatter plot was used to present the data collected on the tripartite consultation system versus the performance of state corporations. A positive association between the two variables on the scatter plot was indicated by an upward trend. The scatter plot helped in establishing whether a linear regression model was appropriate. The scatter plot is presented (see Annex x).

The Pearson Correlation Coefficient( $r$ ) of the tripartite consultation system as independent variable and performance of state corporations as dependent variable was computed and established to be 0.528. It could then be concluded that there is a strong positive correlation between the two variables since the results of the correlation belong to strong category of 1.0 to 0.5 according to Choudhury (2009).

Hence, the tripartite consultation system significantly influences the performance of state corporations at 95% confidence level because the Pearson correlation coefficient was 0.000 which is a less than 0.05. Thus, the alternative hypothesis was accepted that the tripartite consultation system has affected the performance of state corporations. The Pearson Correlation Coefficient of the two variables is presented (see Table 4.24).

**Table 4.24 Pearson Correlation Coefficient for Tripartite Consultation System Versus Performance of State Corporations**

		<b>Performance of State Corporations</b>	<b>Role of Social Partners</b>
Performance of State Corporations	Pearson Correlation	1	.528**
	Sig. (2-tailed)		.000
	N	279	279
Tripartite Consultation System	Pearson Correlation	.528**	1
	Sig. (2-tailed)	.000	
	N	279	279

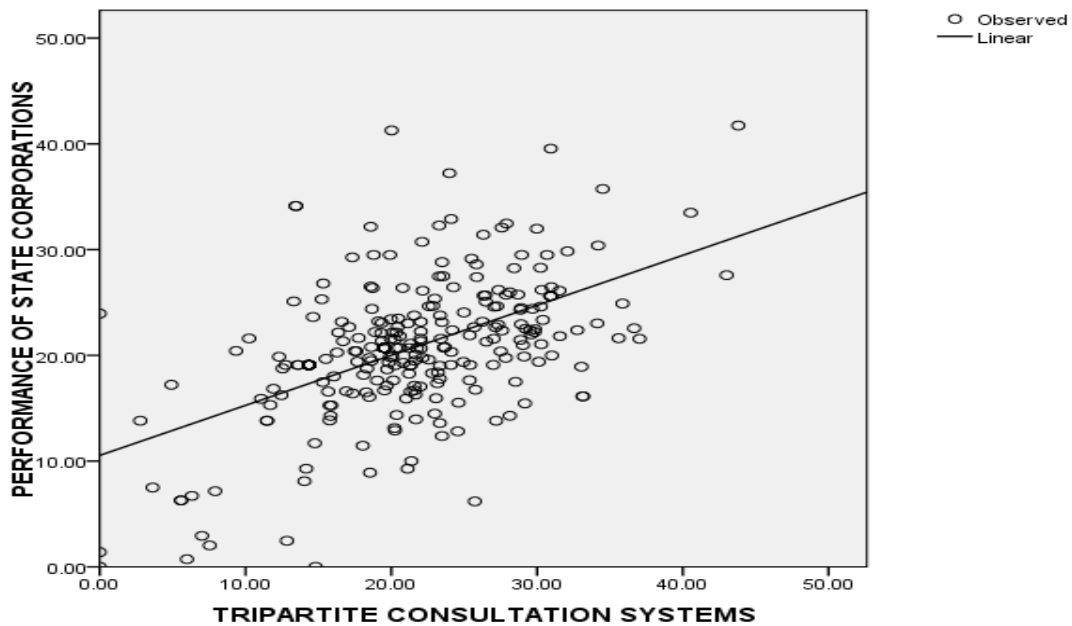
From Table 4.25, it is clear that tripartite consultation system has a positive effect on the performance of state corporations, with a gradient of 0.473. This implies that a unit change in the tripartite consultation system increases performance of state corporations at the rate of 0.473. The coefficient is presented (see Table 4.25).

**Table 4.25 Coefficient of the Tripartite Consultation System Versus Performance of State Corporations**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	10.542	1.030		10.237	.000
Tripartite Consultation System	0.473	.046	.528	10.356	.000

**4.5.7.2 Regression**

Since the scatter plot in Figure 4.10 indicated a linear association between tripartite consultation system and performance of state corporations, then a regression line could be fitted for the two variables. This means that the tripartite consultation system predicts the performance of state corporations (see Figure 4.8).



**Fig. 4.8 Regression Line for Tripartite Consultation System Versus Performance of State Corporations**

Goodness-of-Fit was computed by establishing the R-Square to explain how successful the fit is in explaining the variation of data. The R-Square for the tripartite consultation system versus performance of state corporations was established as .279. This meant that 27.9% of variation in the performance of state corporations can be explained by the tripartite consultation system. The remaining percentage of 72.1 is explained by the other variables namely, role of social partners, economic change, relationship between social partners and tripartite consultation. The Goodness-of-Fit is shown (see Table 4.26).

**Table 4.26 Goodness of Fit for Tripartite Consultation System Versus Performance of State Corporations**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.528 <sup>a</sup>	0.279	0.277	5.453915

**4.5.7.3 Intervening Effect of Tripartite Consultation Between Tripartite Consultation System and Performance of State Corporations**

Partial correlation coefficient when the effect of tripartite consultation is present between the tripartite consultation system as an independent variable and performance of state corporations as a dependent variable was computed and established to be 0.528. The correlation coefficient when the effect of tripartite consultation was controlled was 0.376. Hence, the difference between the two coefficients is 0.152. It is therefore clear that tripartite consultation intervenes positively between tripartite consultation system and performance of state corporations (see Table 4.27).

**Table 4.27 Effects of the Tripartite Consultation as an Intervening Variable**

<b>Performance of State Corporations</b>			
<b>Independent Variable</b>	<b>Correlation coefficient when the effect of intervening variable is present</b>	<b>Correlation coefficient when the effects of intervening variable is controlled</b>	<b>Difference</b>
Tripartite consultation System	0.528	0.376	0.152

## **4.6 ECONOMIC CHANGE**

### **4.6.0 Introduction**

Economic change was the third independent variable of the study. Economic change is used in its broad sense to mean approaches taken on the market and the actors. The economic aspect emphasizes decisions about issues as diverse as globalization, inflation and privatization (Trebilcock, 1994). The study sought to establish how economic change in terms of globalization, privatization and inflation had influenced the performance of state corporations. This section therefore presents factor analysis, descriptive analysis and discussions, correlation and regression analysis of data collected related to factors of economic change. Finally, the intervening effect of tripartite consultation between the economic change and performance of state corporations is presented.

#### **4.6.1 Factor Analysis on Effects of Globalization on State Corporations**

The Factor Analysis was applied on data collected regarding effects of globalization on state corporations. All the factors realized thresholds of above .33. Hence, they were considered for further statistical analysis. The factor with the highest threshold was new standards due to

globalization and the one with the least threshold was outsourcing in core functions. The factor thresholds established are presented (see Table 4.28).

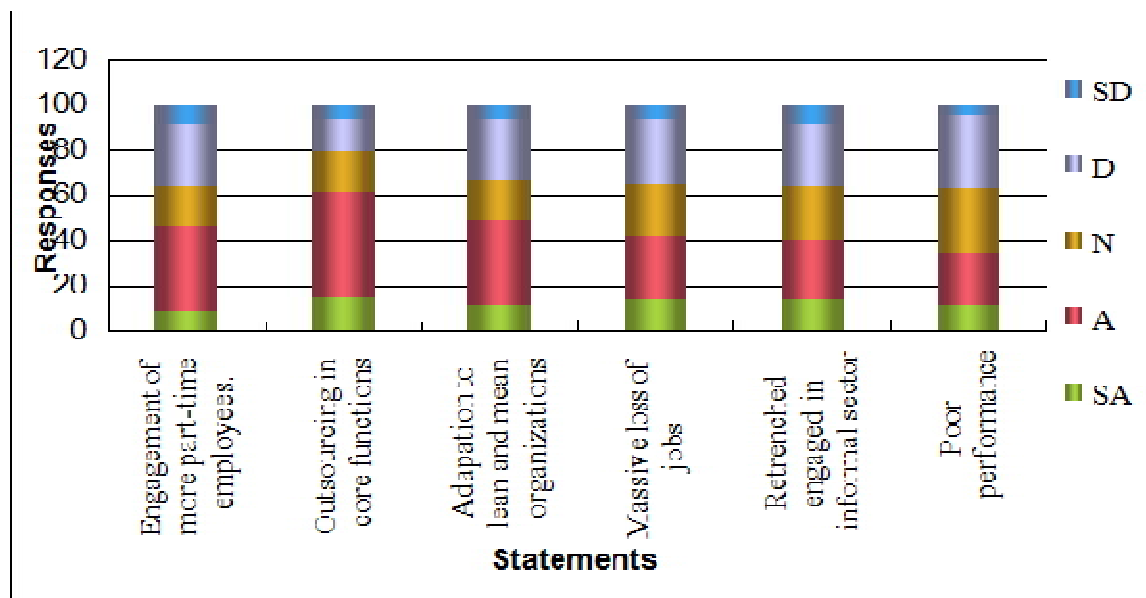
**Table 4.28    Thresholds of Effects of Globalization**

<b>Effects of Globalization</b>	<b>Thresholds</b>
Retrenched engaged in informal sector	.553
Adaptation to lean and mean organizations	.531
Poor performance	.519
Massive loss of jobs	.510
Engagement of more part-time employees	.334
Outsourcing in core functions	.330

#### **4.6.2 Descriptive Statistics on Effects of Globalization**

In response to the effects of globalization faced by organizations, that it had led to engagement of more employees on part-time basis, 9.7% of respondents strongly agreed, 37.1% agreed, 17.3% were neutral, 28.1% disagreed, whereas 7.9% strongly disagreed. The view that globalization had led to extension of outsourcing to core functions to cope with competition was strongly supported by 15.1% of respondents, 46.6% agreed, 17.6% were neutral, 15.1% disagreed, whereas 5.7% strongly disagreed. The suggestion that globalization had led to adaptation to lean and mean organization structure was strongly supported by 12.2% of respondents, 36.9% agreed, 17.9% were neutral, 27.2% disagreed, whereas 5.7% strongly disagreed.

The view that globalization had led to massive loss of jobs and increased unemployment was strongly supported by 14.7% of respondents, 27.6% agreed, 22.9% were neutral, 29.4% disagreed, whereas 5.4% strongly disagreed. The suggestion that globalization had led to engagement of retrenched employees in the informal sector with low job security and poor pay, was strongly supported by 14.7% of respondents, 25.8% agreed, 23.7% were neutral, 2.8% disagreed, whereas 7.9% strongly disagreed. The view that globalization had led to poor performance of organizations was strongly supported by 12.2% of respondents, 23.3% agreed, 2.8% were neutral, 31% disagreed, whereas 4.7% strongly disagreed. Hence, generally 46% of respondents agreed while 32% disagreed and 21.2% were neutral. The responses are presented (see Figure 4.9).



**Fig 4.9 Effects of Globalization on State Corporations**

The information gathered showed that, globalization had led to engagement of more employees on part-time basis, extension of out sourcing to core functions to cope with competition, adaptation to lean and mean organizations structure, massive loss of jobs,

increased unemployment and engagement of employees in the informal sector with low job security and poor pay.

The finding that globalization had led to engagement of more employees on part-time basis is supported by Clott (2004) who has explained that globalisation had led to workforce in many organizations being made part-time. Indeed, the university management has engaged many employees on part-time basis in order to reduce on the cost of wage-bill. Besides, the finding that outsourcing had been embraced by many state corporations is supported by Gachunga (2009) who has explained that outsourcing is made to cope with cut throat competition and that it is an idea brought about by globalization.

The finding that organizations had adapted lean and mean structures is supported by Ikeanyibe and Onyishi (2011) who have indicated that the 'lean' and 'mean' conception that drives globalization looks at managing competition using small size and simple structures to increase performance. Manda (2004) echoes Ikeanyibe and Onyishi (2011) by asserting that due to globalization organizations should become more competitive by reducing over staffing in their bloated bureaucracies.

### **4.6.3 PRIVATIZATION**

#### **4.6.3.1 Factor Analysis on Effects of Privatization on State Corporations**

After the variables determining the effects of privatization of state corporations were run through factor analysis, most of them registered thresholds of above .33 apart from poor performance which was not considered for further statistical analysis. The factor thresholds are presented (see Table 4.29).



**Table 4.29**    **Thresholds of Effects of Privatization on State Corporations**

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<b>Effects of Privatization on State Corporations</b>	<b>Thresholds</b>
New standards to be met	.649
Mass redundancies	.625
Reduced union membership and income	.592
New management	.588
New policies for unions to cope	.565
Competition from rival companies	.300
Poor performance	.240

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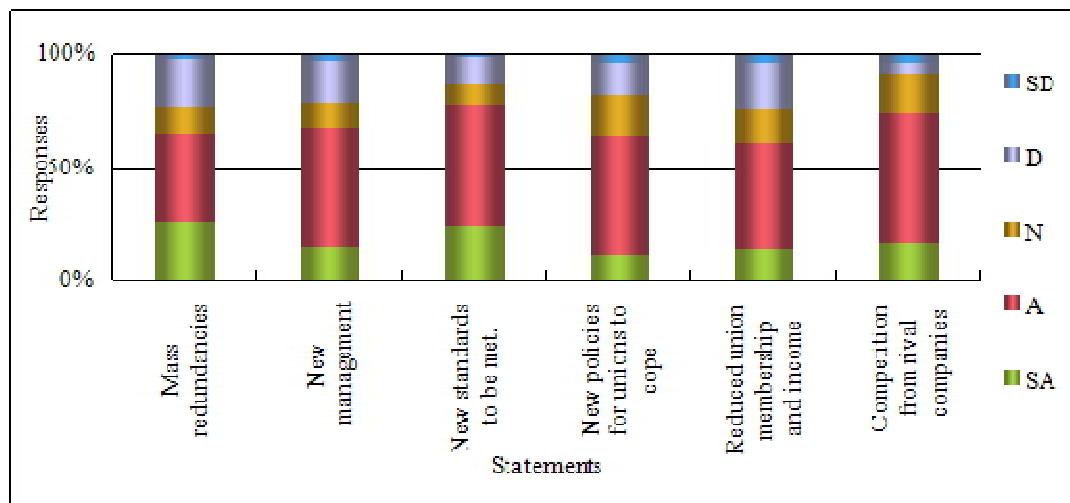
#### **4.6.4 Descriptive Statistics on Effects of Privatization**

The view that privatization had led to mass redundancies due to retrenched staff was strongly supported by 25.8% of respondents, 39.4% agreed, 11.1% were neutral, 21.5% disagreed, whereas 2.2% strongly disagreed. The opinion that privatization had brought in new management was strongly supported by 15.5% of respondents, 52.2% agreed, 10.8% were neutral, 19.1% disagreed, whereas 2.5% strongly disagreed. The statement that privatization had brought in new standards to be met was strongly supported by 24.7% of respondents, 53% agreed, 9% were neutral, 12.2% disagreed, whereas 1.1% strongly disagreed.

The view that privatization had brought in new policies which unions had to cope up with was strongly supported by 11.9% of respondents, 52.2% agreed, 17.3% were neutral, 15.1% disagreed, whereas 3.6% strongly disagreed. In response as to whether privatization had reduced union membership and led to eventual loss of union income was strongly supported

by 14.3% of respondents, 46.2% agreed, 15.4% were neutral, 20.4% disagreed, whereas 3.6% strongly disagreed. The view that privatization had led to organizations facing competition from rival companies was strongly supported by 16.8% of respondents, 5.7% agreed, 17.6% were neutral, 5.4% disagreed, whereas 3.2% strongly disagreed.

Generally, 74.2% of respondents agreed that privatization had affected some state corporations while 33.7% disagreed. The responses were as presented (see Figure 4.10).



**Fig 4.10 Effects of Privatization on State Corporations**

The findings of the study indicated that privatization had led to mass redundancies, had brought in new management, had brought in new standards to be met, had brought in new policies which unions had to cope with, had reduced union membership and consequently loss in union income and had led to competition from rival companies.

The finding that privatization had led to mass redundancies is supported by Nabaho (2009) who had predicted that in 2009 and 2012, economic growth around the world would be

expected to fall thereby, translating into mass redundancies. Besides, Brundt and Schulten (2009) have emphasized that in the process of privatization labour cost reductions are made by reduction in personnel. This affects union membership and loss in income. The finding that privatization had led to new management is echoed by Witherell (2003) who is emphatic that privatization of state-owned enterprises requires new skills and expertise that often are not available in the public sector.

The finding that privatization had brought in new standards to be met is supported by McCarthy, Reeves and Turner (2011) who have pointed out that withdrawal of political control and focus of private shareholders on wealth creation provides management with clearly defined and quantifiable targets. The finding that privatization brings in competition from rival companies is supported by Witherell (2003) who is emphatic that privatization has served as a vehicle to enhance competition by providing an opportunity for sector restructuring, where governments replace state-owned monopolies with several competing firms.

The finding that privatization has led to reduced membership by unions and eventual loss in union income is supported by Buchs (2003) who has pointed out that most common fears associated with privatization worldwide is job destructions. Brundt and Schulten (2009) have reiterated that privatization leads to reduction in labour costs which translates to reduction in personnel. Consequently, unions lose their members and income. Indeed, McCarthy, Reeves and Turner (2011) are emphatic that privatization places management in a relatively strong bargaining position and can force trade unions to accept concessions such as reduced employee numbers a situation that had been experienced in privatized State Corporations in Kenya.

## 4.6.5 INFLATION

### 4.6.5.1 Factor Analysis on Effects of Inflation on State Corporations

After the variables determining the effects of inflation on state corporations were run through factor analysis, all of them registered a threshold of above .33. Hence, they were considered for further statistical analysis. The factor thresholds are presented (see Table 4.30).

**Table 4.30**    **Thresholds of Effects of Inflation on State Corporations**

<b>Effects of Inflation on State Corporations</b>	<b>Thresholds</b>
Mismatch of wages and commodity prizes	.619
Disagreement in salary adjustment	.580
Increased strikes	.556
Inability to meet the cost of living	.539
Poor organizational performance	.467
Delayed conclusion of CBA	.466
Poor employee-employer relations	.360

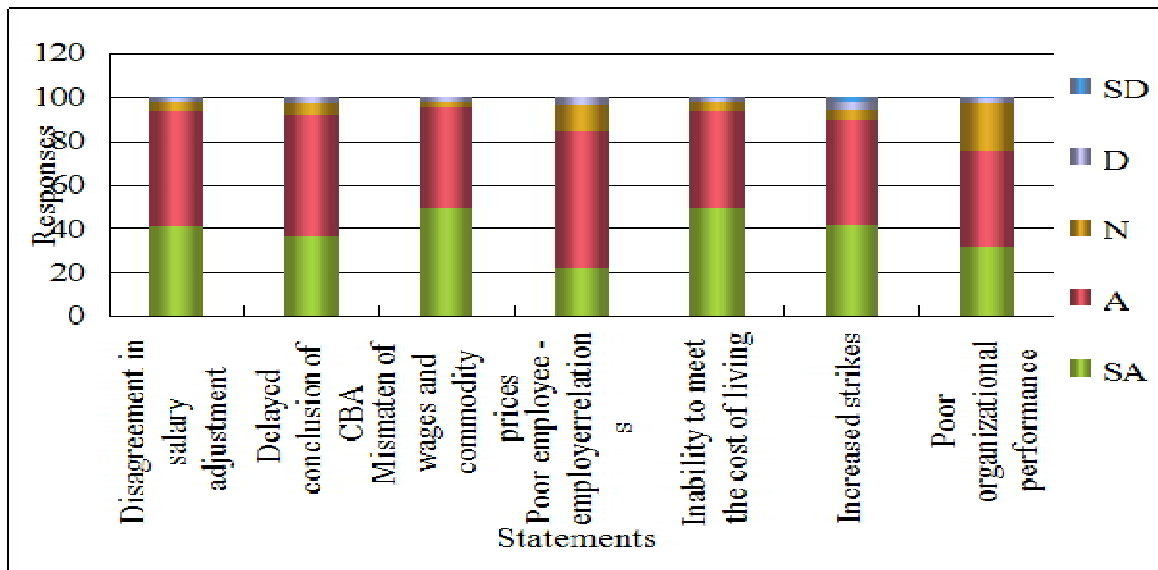
### 4.6.5.2 Descriptive Statistics on the Effects of Inflation on State Corporations

In response as to whether inflation had caused disagreement between employers, union and government, 41.2% of respondents strongly agreed, 52.3% agreed, 4.7% were neutral, 1.1% disagreed, whereas 0.7% strongly disagreed. The view that inflation had contributed to delayed conclusion of Collective Agreement due to disagreement was strongly supported by 36.5% of respondents, 56% agreed, 5.1% were neutral and 2.5% disagreed. The suggestion

that inflation had led to employees' wages not being reviewed to match with increase of commodity prizes was strongly supported by 49.5% of respondents, 46.2% agreed, 2.9% were neutral and 1.4% disagreed.

In response as to whether inflation had contributed to poor relations between employers and employees, 21.6% strongly agreed, 62.9% agreed, 12.2% were neutral and 3.2% disagreed. The view that inflation had contributed to employees' inability to meet the cost of living was strongly supported by 49.3% of respondents, 44.6% agreed, 4.3% were neutral, 1.1% disagreed, whereas .7% strongly disagreed. The view that inflation had led to increased strikes by workers seeking adjustment of wages to meet the cost of living was strongly supported by 41.9% of respondents, 47.7% agreed, 4.7% were neutral, 4.3% disagreed, whereas 1.4% strongly disagreed.

The suggestion that inflation had led to poor performance of organizations due to demotivated staff was strongly supported by 32.3% of respondents, 43% agreed, 22.2% were neutral, 1.8% disagreed, whereas 0.7% strongly disagreed. The responses are presented (see Figure 4.11).



**Fig 4.11 Effects of Inflation on State Corporations**

The findings of the study indicated that inflation had led to disagreement in salary adjustment between employers, unions and government, had led to delayed conclusion of Collective Agreement due to disagreement, failure to review employees' wages to match with increase of commodity prizes, poor relations between employees and employers, employees' inability to meet the cost of living, increased strikes by workers seeking adjustment of wages to meet the cost of living and poor performance of organizations due to demotivated staff.

The finding that inflation had affected consultation is supported by Irungu (2011) who has asserted that it had resulted in impasse emerging between the partners. The increase in minimum wage by the government in 2011 made KAM to threaten to transfer payroll costs to increase in prize commodity. Besides, the delayed conclusion of Collective Agreement is supported by statistics collected from the Industrial Court Disputes Register which indicated an increase in unconcluded agreements in the last ten years (see Table 4.31).

**Table 4.31** Reported Unrecognized CBAs 2002 – June 2012

<b>Year</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Reported CBA	7	10	5	22	7	6	20	26	27	57	8

*Source:* Industrial Court Disputes Register.

The finding that inflation had led to failure to review employees' wages to match with increase of commodity prizes is echoed by Nabaho (2009) who has explained that as a result of the global economic crisis real wages will plunge in both formal and informal sector, affecting sharply those who remain on their jobs. He reiterated that earning of workers in such sectors are likely to fall. This finding is echoed by Siringi and Manaseh (2010), who have reiterated that inflation causes redistribution of real income and arbitrary social injustice.

Siringi and Manaseh (2010) have emphasized that despite the fact that the distributional effects of inflation on income inequality are important issues in public policy empirical literature is lacking in Kenya. This is further supported by Irungu (2011) who has reiterated that Kenyan workers lost buying power in 2010 when despite being awarded pay increments after a two-year freeze caused by the combination of the 2008 post-election violence and global economic recession. Irungu is emphatic that though nominal wages were up by average of 3.5 percent, prices of goods and services rose at a higher rate of 4.1 percent, leaving workers with negative real wages, according to Economic Survey 2011.

#### 4.6.5.3 Factor Analysis on Strategies of Solving Future Economic Challenges

After factor analysis was administered on strategies of solving future economic challenges. All the factors registered a threshold of above .33. Thus, they were considered for further statistical analysis. The factor thresholds are presented (see Table 4.32).

**Table 4.32**    **Thresholds of Strategies of Solving Future Economic Challenges**

<b>Strategies</b>	<b>Thresholds</b>
National recovery programme – salary freeze	.480
Optimization on delocalization	.473
Sense of temporary crisis	.464
Research informed negotiation	.454
Concerted efforts in production	.382
Negotiated and rationally agreed salary increase	.338

#### 4.6.5.4 Reliability

The reliability of the 25 items of economic change was computed and the Cronbach's Alpha was established to be .860. This made a high degree of reliability of data according to Mugenda and Mugenda (2003). The Cronbach's Alpha was above the minimum acceptable reliability of .70 according to (Nunnally & Bernstein, 1994). The results are presented (see Table 4.33).



**Table 4.33 Cronbach's Alpha of Items of Economic Change**

<b>Cronbach's Alpha</b>	<b>No. of Items</b>
.860	25

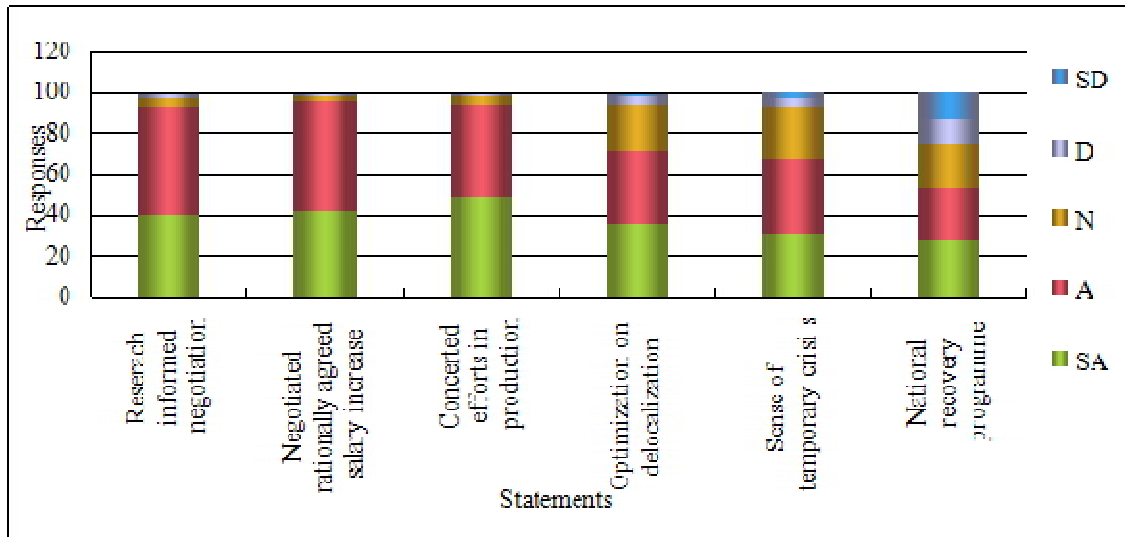
#### **4.6.5.5 Descriptive Statistics on Strategies of Handling Future Economic Change**

In response to the suggestion that future negotiations should be informed by research that takes into account increase on production, 40.1% of respondents strongly agreed, 53.4% agreed, 4.7% were neutral, whereas 1.8% disagreed. The strategy that future increase in salary/ wages should be negotiated and rationally agreed upon by unions, employers and the government was strongly supported by 42.3% of respondents, 53.4% agreed, 3.2% were neutral, .7% disagreed, whereas .4% strongly disagreed.

The suggestion that concerted efforts by all partners to increase productivity for the benefit of all would solve challenges of hard economic times was strongly supported by 49.5% of respondents, 44.4% agreed, 5% were neutral, whereas 1.1% disagreed. The view that optimization on delocalization of production to developing countries to increase job opportunity was strongly supported by 35.8% of respondents, 36.0% agreed, 22.2% were neutral, 3.9% disagreed, whereas 1.4% strongly disagreed.

The strategy of having a shared sense of temporary crisis during deteriorating economic conditions was strongly supported by 31.9% of respondents, 36.6% agreed, 25.1% were neutral, 4.3% disagreed, whereas 2.2% strongly disagreed. The view that partners agreeing and implementing collectively a national recovery programme like freeze of salary review

during hard economic times was strongly supported by 28% of respondents, 25.5% agreed, 21.9% were neutral, 12.2% disagreed, whereas 12.2% strongly disagreed. The responses are presented (see Figure 4.12).



**Fig 4.12 Strategies of handling Future Economic Challenges**

Generally, the findings of the study indicated that the implementation of the following strategies in order of priority would address effects of economic change: future increase in salary should be negotiated and rationally agreed upon by unions, employers and the government; concerted efforts by all partners will increase productivity for the benefit of all; future negotiations should be informed by research that takes into account increase in production; optimization on delocalization of production to developing countries to increase job opportunities; partners agreeing collectively on a national recovery programme like freeze of salary review during hard economic times and finally having a shared sense of temporary crisis during deteriorating economic conditions.

The finding that future negotiations should be informed by research that takes into account increase in productivity is supported by Maina (2011) who gave the view as stated, as employers position in regard to future negotiations. Muia (2011) has echoed Maina, by reiterating that the Kenyan government had attempted to reposition productivity at the centre of wage negotiations. He further stressed that what is produced can be shared, and that the main concern should not be on inflation or the cost of living but about productivity, since high productivity solves the problem of all the partners. However, though production oriented negotiation is envisaged as a panacea to effective consultation, Irungu (2011) is emphatic that negotiations between unions, employers and the government are expected to become increasingly difficult, since most profitable companies around the globe are those that have linked remuneration to productivity.

The finding that future negotiations should be informed by research that takes into account productivity echoes the approach initially advanced by proponents of Classical School. Taylor's time and motion study and piece-rate compensation system was thought to provide maximum satisfaction to workers interested in high wages and the employers interested in low labour costs (Ikeanyibe & Onyishi, 2011). This approach links pay of workers with their productivity. The approach stands the test of time, since it is highly applied in the private sector and of late currently advocated and applied in the public service, where state corporations belong. The underlying assumption is that everyone benefits when the focus is on common interest namely, productivity (Aswathappa, 2009).

Optimization on delocalization of production to developing countries to increase job opportunities as a strategy of solving unemployment caused by inflation is supported by Manda (2004). However, Gachunga (2009) has reiterated that EPZs have adopted the mass

production style and have been able to gain from the cheap labour provided. Besides, Ikiara and Ndungu (1997) as quoted in Gachunga (2009) have noted that by 1995, EPZs had created 5000 new jobs since their inception, in 1990, and that they had been designed to integrate Kenya into the global supply chain and attract export – oriented investment in the zones.

The EPZs were introduced to achieve the economic objectives of job creation, diversification and increase production investment among others. However, Gachunga (2009) notes that the EPZs implement the labour laws with a lot of flexibility. For instance, the law does not impose a minimum wage on EPZs. Besides, there had been laxity on government supervision and opposition to labour unionization and union activities are uncommon in EPZs. This had led to poor employee relations in EPZs. Thus, delocalization could not be practically envisaged as a solution to inflation and by extension effective creation of rewarding jobs.

Partners agreeing collectively on a national recovery programme like freeze of salary review during economic times is supported by Trebilcock (1994) who has reiterated that deteriorating economic conditions tend to dampen the social partner's enthusiasm for tripartite consultation. He asserted that a shared sense of temporary crisis may push partners to return to consultation.

Furthermore, Trebilcock has explained that Ireland embraced a National recovery programme in 1987 after an interruption of a concluded tripartite national understanding. This led to economic stabilization. What needs to be understood is that as indicated by Ghellab, Varela and Woodall (2011), the economic situation in a country clearly has a significant impact on tripartite dealings as reflected in Kenyan situation and that is why the ILO has appealed for a revitalized process of social dialogue.

#### **4.6.5.6 Qualitative Analysis on Economic Change**

The information gathered on effects of globalization on state corporations was that it had led to outsourcing of non-core business areas such as cleaning services, security, plumbing, catering services for staff and transport. Globalization was reported to have led to layoffs of employees on contract without consultation with union officials.

Liberalization had led to poor performance of some state corporations, which were at the verge of closure due to competition faced from other companies. Most services had been outsourced as a cost reduction strategy and employees had lost jobs through retrenchment. However, after privatization, though a big number of employees had lost jobs the organizations became better and more efficient. This led to business growth and expansion.

The information gathered regarding the effects of inflation on consultation showed that inflation had led to salary review guided by inflation rates, government resisting laying off of staff due to high rate of inflation, government's inability to pay salaries that could sustain employees and that it had become difficult for unions to win negotiations since productivity of organizations was equally affected. In addition, employers had been affected due to increased production costs which unions did not consider while demanding for rise in salaries. Besides, unions had insisted on salary increase due to extra-costs due to inflation. It was observed that inflation can narrow down organizations' profit margin and consequently threatened employees' job security. Indeed since most State Corporations are non-profit making, this had led to inadequate compensation.

Failure to review salaries by some organizations had led to stagnation of employees in one job group for over ten years. Finally, though inflation is a reality in Kenya situation like elsewhere in the region, some trade unions had viewed it as a scapegoat by management not to review employees' salaries. This was evident in some state corporations which had registered high productivity. This was viewed so since it was argued that salaries had not been reviewed due to inflation but the reality was due to stalled CBAs.

#### **4.6.6 Economic Change Versus Performance of State Corporations**

##### **4.6.6.1 Correlation**

A scatter plot was used to present the data collected on the economic change versus performance of state corporations. The scatter plot indicated a positive association between economic change and the performance of state corporations. The scatter plot is presented (see Annex xi).

The Pearson Correlation Coefficient of economic change versus performance of state corporations was computed, and established to be .023. It could then be concluded that there is a weak positive correlation between the two variables since the results belong to the weak category of 0.1 – 0.3 according to (Choudhury, 2009).

Hence, the economic change insignificantly influences the performance of state corporations since the P -value for the Pearson Correlation Coefficient was .706 which is greater than 0.05. Alternative hypothesis was rejected and Null hypothesis was accepted and remained as stated that economic change has not affected the performance of state corporations. This finding is

supported by Kulasereka (2000) who has explained that state enterprises get support from the government inform of endless subsidies and costly protection mechanisms. Hence, government cushions them during hard economic times. The correlation results of the two variables are presented (see Table 4.34).

**Table 4.34 Correlation Coefficient for Economic Change Versus the Performance of State Corporations**

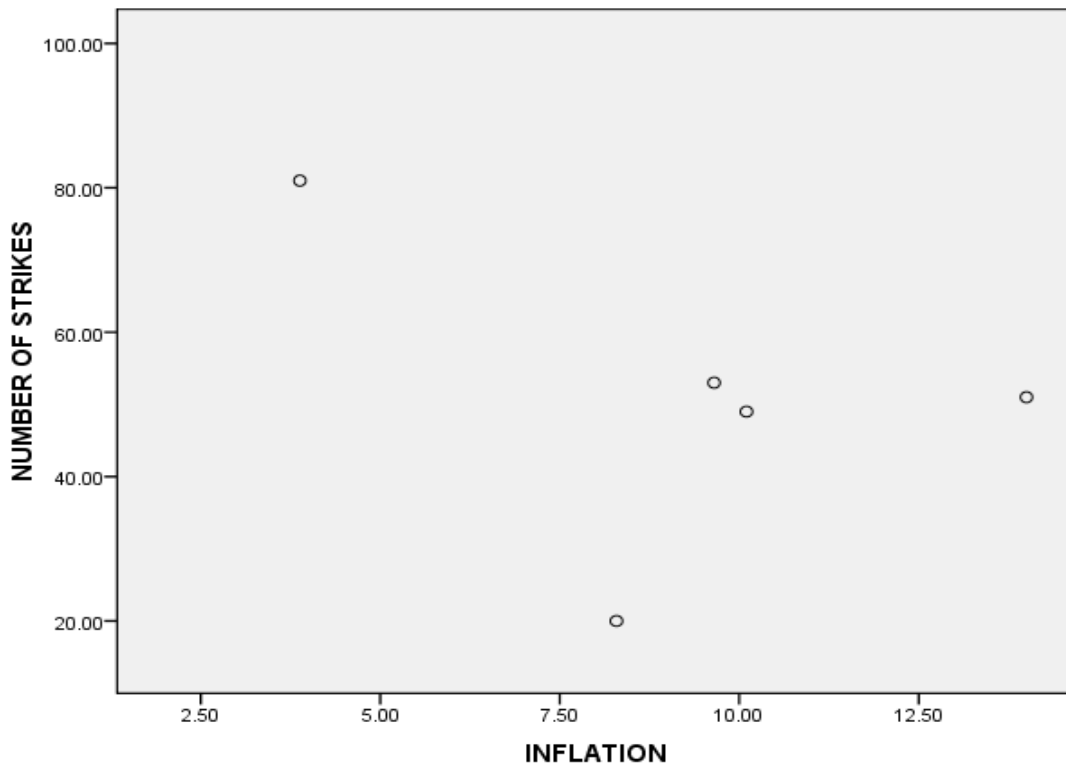
		<b>Performance of State Corporations</b>	<b>Role of Social Partners</b>
Performance of State Corporations	Pearson Correlation	1	0.023
	Sig. (2-tailed)		0.706
	N	279	279
Economic Change	Pearson Correlation	0.023	1
	Sig. (2-tailed)	0.706	
	N	279	279

From Table 4.35, it is clear that economic change has a positive effect on performance of state corporations with a gradient of .014. This implies that a unit change in economic change increases performance of state corporations at the rate of 0.014.

**Table 4.35 Coefficient of Economic Change Versus Performance of State Corporations**

<b>Model</b>	<b>Unstandardized B</b>	<b>Coefficients Std. Error</b>	<b>Standardized Coefficients Beta</b>	<b>t</b>	<b>Sig.</b>
(Constant)	19.903	2.034		9.786	0.000
Economic Change Partners	0.014	0.037	0.023	0.378	0.706

The scatter diagram of inflation rates versus the number of strikes in Kenya showed no linear relationship between the two variables.



**Fig. 4.13 Scatter Diagram for Inflation rates and Number of Strikes in Kenya (2009 – 2013)**

The Pearson Correlation Coefficient was 0.420 and the P-Value was 0.482. This implied that there is no significant relationship between inflation rates and the number of strikes recorded between 2009 and 2013. Hence, strikes are caused by other factors but not inflation. This is supported by Fuchaka and Katana, (2012) who have argued that industrial actions represent the climax of unresolved conflict between employers and employees. They contend that strikes are caused by poor remuneration and offending disparities within and between university employees and other civil service officers, which the research highly supports.



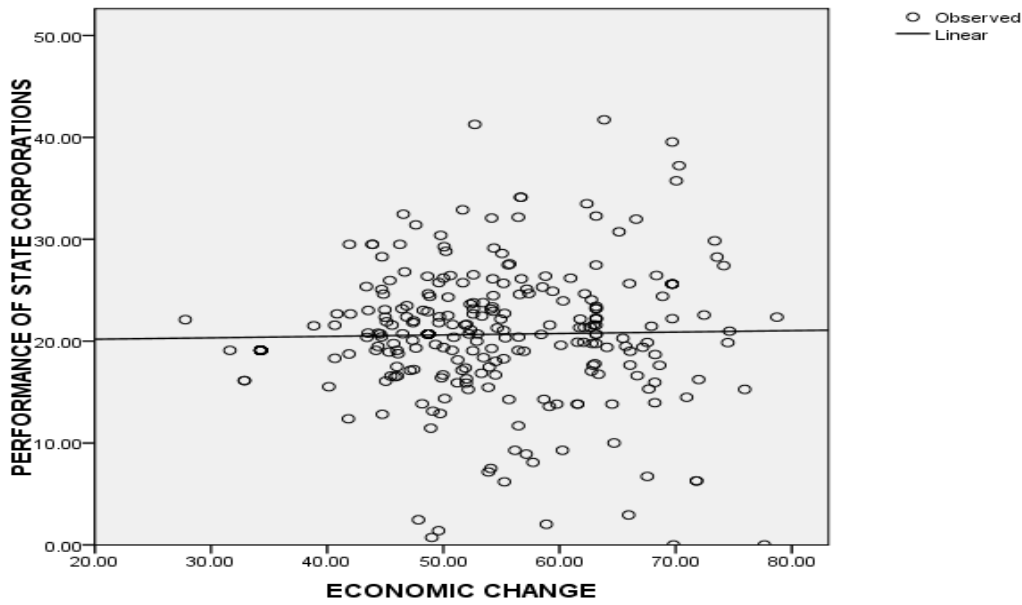
**Table 4.36: Pearson Correlation Coefficient for Inflation rates and Number of Strikes in Kenya (2009 – 2013)**

		Inflation	Number of strikes
Inflation Rates (2009 – 2013)	Pearson Correlation	1	-.420
	Sig. (2-tailed)		.482
	N	5	5
Number of Strikes	Pearson Correlation	-.420	1
	Sig. (2-tailed)	.482	
	N	5	5

#### 4.6.6.2 Regression

Since the scatter plot in Figure 4.16 indicated a linear association between economic change and the performance of state corporations, then a regression line could be fitted for the variables. This means that economic change predicts the performance of state corporations.

The regression line is presented (see Figure 4.13).



**Fig. 4.14 Regression Line for Economic Change Versus Performance of State Corporations**

Goodness-of-Fit for economic change versus performance of state corporations was computed. It was then established that the R-Square was .001. This means that 0.1% of variation in performance of state corporations was explained by economic change. The remaining percentage of 99.9% is explained by the other variables namely, role of social partners, tripartite consultation system and the relationship between the social partners and tripartite consultation. The Goodness-of-Fit is presented (see Table 4.37).

**Table 4.37 Goodness of Fit for Economic Change Versus Performance of State Corporations**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	0.023	0.001	-0.003	6.42189742

#### 4.6.6.3 Intervening Effect of Tripartite Consultation Between Economic Change and Performance of State Corporations

Partial correlation coefficient when the effect of tripartite consultation as an intervening variable is present between economic change and performance of state corporations was computed and established to be 0.023. The correlation coefficient when the effect of tripartite consultation is controlled was computed and established to be -0.069. The difference between the two coefficients was 0.092. Thus, it could be concluded that tripartite consultation positively intervenes between economic change and performance of state corporations (see Table 4.38).

**Table 4.38 Effects of the Tripartite Consultation as an Intervening Variable**

Independent Variable	Performance of State Corporations		Difference
	Correlation coefficient when the effect of intervening variable is present	Correlation coefficient when the effects of intervening variable is controlled	
Economic Change	0.023	-0.069	0.092

## 4.7 RELATIONSHIP BETWEEN THE SOCIAL PARTNERS

### 4.7.0 Introduction

Relationship between the social partners was the fourth independent variable of the study. The study sought to establish whether the relationship between the social partners influenced

the performance of state corporations. This section presents the factor analysis, descriptive analysis and discussions, correlation and regression analysis of data collected related to relationship between the social partners. Finally, the intervening effect of tripartite consultation between relationship of social partners and performance of state corporations is presented.

#### **4.7.1 Factor Analysis on Equality Between the Partners**

Factor analysis was computed on variables determining equality between the social partners and most of the factors registered a threshold of above .33 apart from government's unique position. Those registering a loading of .33 and above were considered for further statistical analysis. The factors thresholds are presented (see Table 4.39).

**Table 4.39 Factor Thresholds of Equality Between Social Partners**

<b>Equality between Partners</b>	<b>Thresholds</b>
Recognized co-existence by partners	.554
Common agreement in diversity	.521
Governments satisfaction on partners' interests	.440
Numerical equality	.371
Equal weight on parties' views	.351
Free choice on representation in labour boards	.300
Substantial equal representation	.300
Government's unique position	-.041

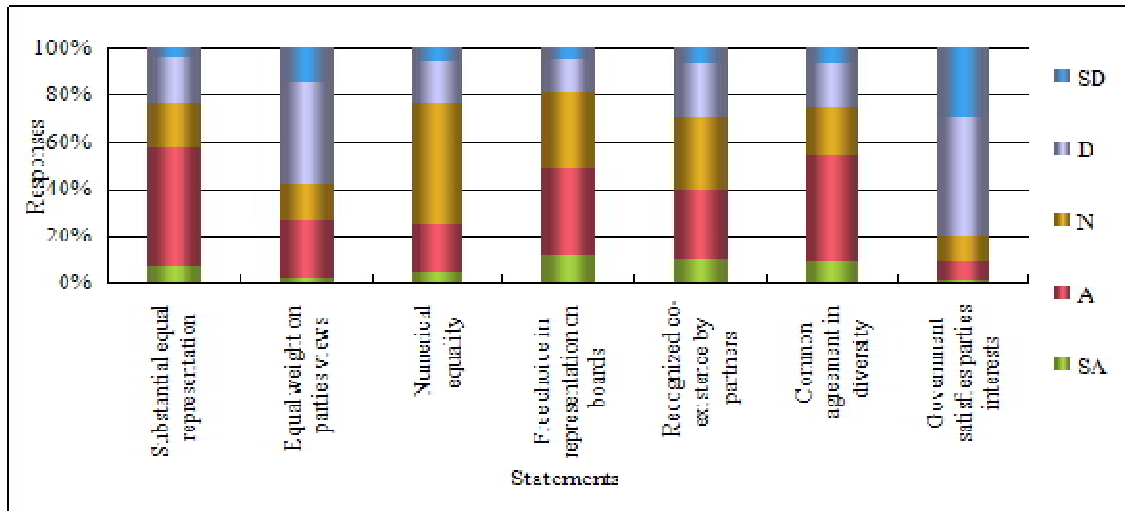
#### **4.7.2 Descriptive Statistics on Equality Between Social Partners**

The view that there had been substantial equal representation on respective interests of the parties was strongly supported by 7.9% of respondents, 49.5% agreed, 19.4% were neutral, 19% disagreed, whereas 3.9% strongly disagreed. The statement that all the parties' views had always been given equal weight was strongly supported by 2.9% of respondents, 24% agreed, 15.8% were neutral, 42.7% disagreed, whereas 14.7% strongly disagreed.

Besides, the view that numerical equality had been achieved in representation by parties was strongly supported by 5% of respondents, 20.4% agreed, 51.6% were neutral, 17.6% disagreed, whereas 5.4% strongly disagreed. The opinion that employers and trade unions had always freely chosen their representatives on labour boards/ committees was strongly supported by 11.8% of respondents, 36.6% agreed. 33.3% were neutral, 13.6% disagreed. The response to the view that employers, trade unions and the government had recognized their co-existence while promoting their different interests was strongly supported by 10.8% of respondents, 29.7% agreed, 30.1% were neutral, 23.7% disagreed, whereas 5.7% strongly disagreed.

The view that despite their inevitable differences, employers, trade unions and the government had found areas of common agreement for their advantage and that of the society was strongly supported by 10% of respondents, 45.9% agreed, 20.8% were neutral, 19.4% disagreed, whereas 3.9% strongly disagreed. The opinion that the government had endeavoured to satisfy the interests of employers and trade unions was strongly supported by 2.2% of respondents, 7.5% agreed, 11.1% were neutral, 49.5% disagreed, whereas 29.7%

strongly disagreed. Hence, 46% agreed, while 32.4% disagreed. The responses are presented (see Figure 4.15).



**Fig 4.15 Equality Between Social Partners**

Generally, the finding of the study indicated that there had been substantial equal representation on respective interests of the partners, the partners had freely chosen their representatives on all boards, and despite their inevitable differences, employers, trade unions and the government had found areas of common agreement for their advantage and that of the society. However, the findings indicated that, all the parties' views were not given equal weight, respondents did not know whether numerical equality had been achieved in representation by parties or the government had adequately satisfied the interests of the other social actors.

The finding that there had been substantial equal representation on the respective interests of the partners is supported by Haddad (2002) who has emphasized that representation on an equal footing does not mean imposing strict numerical equality. Rather, it ensures substantial equal representation on the respective interests of employers and of workers so that their

views are given equal weight. He asserts that numerical equality is not essential in the case of procedures which being consultative do not give rise to a vote.

The finding that partners recognized the need for their co-existence is supported by Kelly (2002) who has elaborated that tripartite consultation is based on an ideology that advocates a certain accommodation between distinct interests, implicitly rejecting the doctrine of class struggle. The finding that the social actors had found common interests despite their inevitable differences is supported by Singh & Singh (2011) who are emphatic that participation by representatives embraces the fundamental assumption of societal pluralism, in which autonomous interest groups operate within a sovereign state. Hence, groups of divergent interests recognize each others co-existence while promoting their own distinct views. This had been highly evident when partners agitated for their interests.

This orientation is supported by the pluralism theory by Allan Flanders that views organizational as coalitions of competing interests and trade unions as legitimate representatives of employees' interests (Ikeanyibe & Onyishi, 2011).

#### **4.7.3 Government's Power Over Other Social Partners**

Factor analysis was administered on variables explaining the Government power over other social partners. The factors which registered thresholds below .33 included suspension of unions and employers associations and changing of partner's relationships. These factors were not considered for further statistical analysis. The factor loadings are presented (see Table 4.40).

**Table 4.40**    **Thresholds of Variables of Governments' Power Over Other Social Partners**

<b>Statement</b>	<b>Thresholds</b>
Adjudication of aggrieved parties	.450
Consulting before decision making	.400
Registration of trade unions	.410
De- registration of unions and associations	.350
Suspension of unions and associations	.186
Changes partners relationships	.178

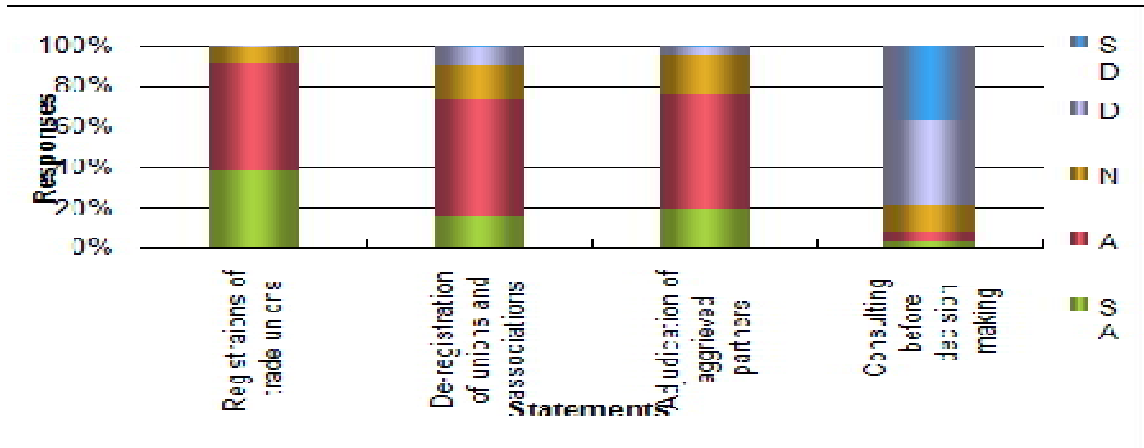
#### **4.7.4 Descriptive Statistics of Government's Power Over the Social Partners**

The view that the government had exercised power over other social actors through registration of trade unions and employers' associations was strongly supported by 38.4% of respondents, 52.7% agreed, 8.2% were neutral, whereas .7% disagreed. The view that the government had exercised its power in de-registration of trade unions and employers' associations was strongly supported by 15.4% of respondents, 58.1% agreed, 17.2% were neutral, 7.5% disagreed, whereas 1.8% strongly disagreed.

Besides, the opinion that the government had adjudicated trade disputes between aggrieved parties was strongly supported by 19.4% of respondents, 56.4% agreed, 19% were neutral, 3.9% disagreed, whereas 1.1% strongly disagreed. Finally, the view that the government had always consulted trade unions and employers before announcing any decisions was strongly



supported by 2.0% of respondents, 5.4% agreed, 13.3% were neutral, 41.2% disagreed, whereas 37.3% strongly disagreed. The responses are presented (see Figure 4.16).



**Fig 4.16 Government’s Power over other Social Partners**

Generally, the findings of the study indicated that the government exercised its power over the other social actors through registration of trade unions and employers associations, de-registration of trade unions and employers associations and adjudicated disputes between aggrieved parties. The government had not always consulted trade unions and employers before announcing some key decisions.

The finding that the government has power over employers and trade unions agrees with the finding of *the Second General Survey on 1976 Convention* which has emphasized that the government is deemed to have a unique position compared to those of social partners irrespective of the actual number of its own representatives. Hence, consultation can take place within bipartite bodies which can be called upon to examine government’s position. This is the situation of consultation in Kenya which starts with bipartite consultation and then tripartite consultation.

The power of the government is reflected in its ultimate of establishing the legal framework in which the groups are to conduct their bipartite consultation. The legal framework in Kenyan situation is envisaged in the Labour Relations Act 2007, and Labour Institutions Acts 2007. The two Acts give partners rights, obligations and the procedures to be followed in the course of consultation.

The finding that the government has power over other social partners in registration and de-registration of trade unions and employers' associations is supported by Minja and Aswani (2009) who have explained that the state is both master and servant of the two participants namely, employers and trade unions. On one hand it holds legislative power in labour and industrial law and on the other hand it is the employer with the biggest number of employees. Besides, the power to register and de-register is in conformity with the prescription of the Labour Relations Act 2007. Information gathered confirmed that the government through its ministry of Labour had registered 58 trade unions and 19 employers associations (see Annex xii).

Finally, finding that the government made decisions without consulting the other partners was proven wrong by interview sessions which confirmed that it had been substantially consulting COTU (K) and FKE on labour issues. However, more efforts need to be exerted to reach a level advocated by Ishikawa (2003) who put it that, if social dialogue is fully blown it can reach the level of social concertation whereby employers', workers' representatives and governments develop a reflex for acting in a concerted manner on social policy issues by seeking consensus, a situation lacking in Kenya today.

#### 4.7.5 Factor Analysis on Benefits Accruing out of Equality of Partners

Factor Analysis was administered on variables of benefits which had been reaped out of the equality between social partners. All the factors registered thresholds above .33 and were thus considered for further statistical analysis. The factor loadings are presented (see Table 4.41).

**Table 4.41**    **Thresholds of Benefits Accruing out of Equality of Partners**

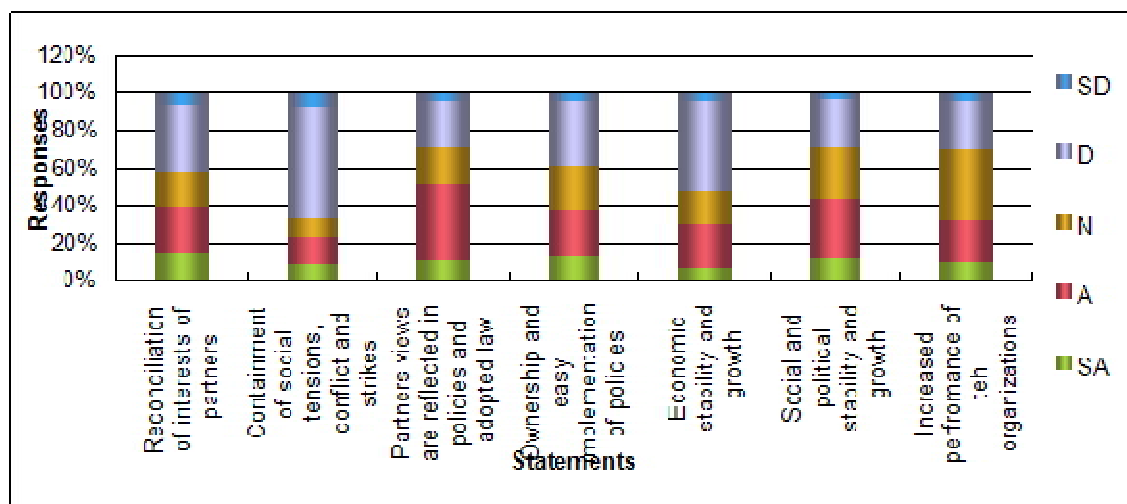
<b>Variables</b>	<b>Thresholds</b>
Social and political stability and growth	.705
Increased performance of organizations	.702
Ownership and easy implementation of policies	.657
Reflection of views in policies and adopted law	.568
Economic stability and growth	.560
Containment of social tensions, conflict and strikes	.550
Reconciliation of interests of partners	.514

#### 4.7.6 Descriptive Statistics on Benefits Accruing out of Equality of Partners

In response as to whether equal participation had led to reconciliation of interests of employees, employers and the government 14% of respondents strongly agreed, 39.1% agreed, 17.6% were neutral, 22% disagreed ,whereas 6.8% strongly disagreed. The view that there had been containment of social tensions, conflict and strikes was strongly supported by 8.2% of respondents, 1.7% agreed, 9.7% were neutral, 59.5% disagreed, whereas 7.9% strongly disagreed.

The opinion that trade unions', employers' and governments' views were reflected in policies and adopted law was supported by 10.4% of respondents, 40.5% agreed, 19.7% were neutral, 24.4% disagreed, whereas 5% strongly disagreed. The suggestion that equal consultation had led to ownership and easy implementation of policies and enacted law was strongly supported by 12.6% of respondents, 24.2% agreed, 24.5% were neutral, 33.2% disagreed, whereas 5.4% strongly disagreed.

The view that equality of partners in consultation had led to economic stability and growth was strongly supported by 6.8% of respondents, 22.9% agreed, 17.6% were neutral, 47.7% disagreed, whereas 5% strongly disagreed. In response as to whether equality of partners had led to social and political stability and growth was strongly supported by 11.1% of respondents, 32.6% agreed, 27.2% were neutral, 24.7% disagreed, whereas 4.3% strongly disagreed. Finally, the view that equality had led to increased performance of organizations was strongly supported by 10% of respondents, 21.9% agreed, 38.4% were neutral, 25.1% disagreed, whereas 4.7% strongly disagreed. The responses are presented (see Figure 4.17).



**Fig 4.17 Benefits Accruing out of Equality of Partners**

Generally, the findings of the benefits accruing out of consultation on equal footing between the partners indicated that trade unions', employers' and government's views were reflected in policies and adopted law, there had been social and political stability and growth and reconciliation of the interests of partners. However, there was failure in containment of social tensions, conflicts and strikes, ownership and easy implementation of policies and enacted law, economic stability and growth. Moreover, the findings did not reflect knowledge as to whether there had been increased performance of the organizations resulting from equality of partners.

The finding that equality had led to social and political stability and growth and reconciliation of interests is supported by Kelly (2002) who has explained that reconciliation of interests of partners leads to realization of areas of common accord leading to medium and long-term advantage to partners and the society as a whole. Hadad (2002) is emphatic that equality does not mean imposing strict numerical equality, but ensuring substantial equal representation on the respective interests of partners, leading to their views being given equal weight. This had been experienced in Kenyan situation.

The finding that there had been failure in containment of social tensions, conflicts and strikes is supported by Jerome and O'dowd (2005) who have explained that adversarial approach developed on the basis of the assumption by unions that employers would not willingly grant improvement to pay and conditions of employment and thus workers had to fight for their rights. The failure to contain conflicts and tensions are further supported by registered strikes by the Ministry of Labour.

#### 4.7.7 Forms of Relationship Between the Social Partners

Factor Analysis was administered on factors advanced to explain the forms of relationship that existed between the social partners. The factors that registered thresholds below .33 included union reaction on management decisions and confrontation as the tried and tested method. The factor loadings established are presented (see Table 4.42).

**Table 4.42 Forms of Relationships**

<b>Forms of Relationships</b>	<b>Factor Loading</b>
Agreement for mutual advantage	.521
Mutual settlement of disputes	.466
Participation in strategy formulation	.324
Tough and aggressive negotiation	.300
Confrontational relationship	.300
Unions' reaction on management decisions	.191
Confrontational as the tried /tested method	-.055

#### 4.7.8 Reliability

The Cronbach's Alpha of the 23 items of relationship between social partners was computed and established to be .789. It could then be concluded that there was a high degree of reliability of data according to Mugenda and Mugenda (2003). Besides, the Cronbach's Alpha was above the minimum acceptable reliability of 0.70 according to (Nunnally, 1978). The Cronbach's Alpha is presented (see Table 4.43).

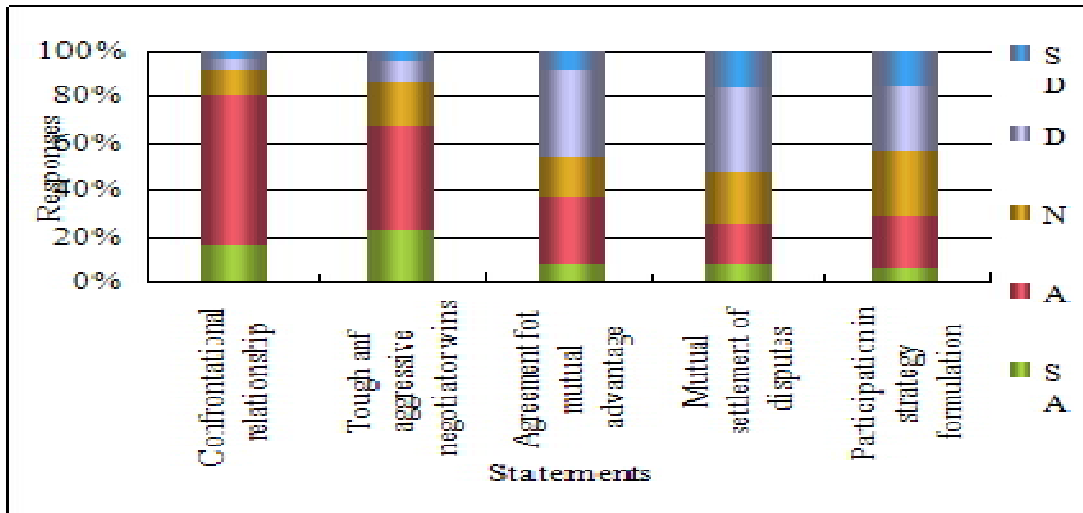
**Table 4.43 Cronbach's Alpha of Items of Relationship Between Social Partners**

<b>Cronbach's Alpha</b>	<b>No. of Items</b>
.789	23

#### **4.7.9 Descriptive Statistics on the Forms of Relationship Between Partners**

The view that there had been confrontational relationship of a low trust kind was strongly supported by 16.8% of respondents, 64.2% agreed, 10.8% were neutral, 5.4% disagreed, whereas 2.9% strongly disagreed. Besides, the suggestion that during negotiations the tougher and more aggressive negotiator wins and conciliatory one loses was strongly supported by 23.3% of respondents, 44.4% agreed, 18.6% were neutral, 9.7% disagreed, whereas 3.9% strongly disagreed.

The view that management and trade unions had agreed to work together for mutual advantage was strongly supported by 7.9% of respondents, 29.4% agreed, 17.6% were neutral, 37.6% disagreed, whereas 7.8% strongly disagreed. Besides, the suggestion that the parties had worked together for mutual settlement of their differences in spirit of cooperation and good will was strongly supported by 7.9% of respondents, 17.6% agreed, 22.2% were neutral, 36.2% disagreed, whereas 16.1% strongly disagreed. Finally, the view that trade unions and employers had been involved in strategy formulation and implementation was strongly supported by 6.5% of respondent, 22.6% agreed, 28% were neutral, 28% disagreed, whereas 15.1% strongly disagreed. The responses are presented (see Figure 4.18).



**Fig 4.18 Forms of Relationships Between Social Partners**

Generally, the findings indicated that there had been confrontational relationship of a low trust kind, that during negotiations the tougher and more aggressive negotiator won and conciliatory ones lost. Besides, there had been a resolution between management and trade unions to work for mutual advantage. However, mutuality had not been embraced to resolve conflicts and that trade unions and employers had been partly involved in strategy formulation and implementation.

The findings that adversarial approach namely, confrontational relations existed is supported by Jerome and O’ Dowd (2005) who have emphasized that the approach developed on the basic assumption that employers would not willingly grant improvement to pay and conditions of employment and that workers had to fight for their rights. The duo are emphatic that adversarial approach is associated with acrimonial or ‘arms – length’ industrial relations of a low trust kind. Hence, it had been the traditional way of settlement of pay, conditions of work and workplace change issues in unionized organizations. Kelly (2002) has reiterated that confrontational approach sees negotiators as combat, the tougher and more aggressive



negotiators win and more conciliatory ones lose. This strategy had been embraced by strong trade unions in Kenya.

The confrontational approach further echoes the Marxist Theory developed by Karl Marx. Marxists like pluralists regard conflicts between employees and employers as inevitable. They view conflict as a product of the capitalist society. To them, the adversarial relations in the workplace are simply one aspect of class society. They assert that conflicts arise not just because of competing interests within the organizations but because of the division within the society between those who own or manage the means of production and those who only have the labour to offer (Aswathappa, 2009). Confrontation had been evident in Kenya among the social actors.

The finding that there had been a resolution that management and trade unions work for mutual advantage supports the fundamental assumption of participation by representatives, where groups of divergent interests recognize each others co-existence while promoting their own distinct views as pointed out by Aswathappa (2009). Indeed, this is the principle of mutuality. This also fulfils the expectation of tripartite consultation where reconciliation of interests of partners despite their inevitable differences finds areas of common accord for their own benefit and that of their society.

The finding that trade unions and employers had not been involved in strategy formulation and implementation was disapproved by interview findings which confirmed that there existed consultation between the Ministry of Labour, COTU (K) and FKE. This supports the principle of power sharing approach that allows involvement at strategy formulation upto implementation level. The legitimization process requires that the powerful undertake certain

obligations, duties and responsibilities towards those subject to their power. Hence, the role of the government in final decision making is evident as being more powerful than the other partners. Hence, like elsewhere in many organizations the approach had been embraced as prescribed (Ahern, 1996).

#### **4.7.10 Qualitative Analysis on Relationship Between Social Partners**

The government having power over other social partners was proved true by the study. It was elaborated that the government is the decision maker and unions have insignificant role to play. Moreover, it was revealed that partnership had existed among the social actors since there were rules of play of how far each could go in agitation for rights. It was further gathered that confrontational relationship existed between the partners. Hence, employees used strikes to force their rights to be addressed. It was a common feeling that management had been rigid on employees' demand for their rights and hence unless employees agitated for their rights nothing would be granted.

Hence, strained relations existed where partners took too long to agree on simple issues and there was a strong feeling by employees that management was not supportive. Confrontational approach had be embraced by most strong unions which were strongly convinced that confrontation brings management to negotiation table. It was strongly felt that in employee relations any partner chooses the strategy which works best for them, and since confrontational approach had worked best for trade unions, it was highly embraced.

The strength of unions in terms of numbers heavily contributed to wielding collective power and resultant industrial actions which had forced employers to the negotiation table and eventual review of CBAs and salaries and their implementation.

#### **4.7.11 Relationship Between the Social Partners Versus Performance of State Corporations**

##### **4.7.11.1 Correlation**

A scatter plot was used to present the data collected on the relationship between social partners versus performance of state corporations. The scatter plot indicated a positive association between the two variables. This is because there was an upward trend of the variables plotted (see Annex xiii).

Besides, Pearson correlation coefficient of the relationship between social partners and performance of state corporations was computed and established to be .387. It could then be concluded that there is a moderate positive correlation between the two variables since the results belong to the moderate category of 0.3 to 0.5, according to Choudhury (2009).

Hence, the relationship between the social partners significantly influences the performance of state corporations at 95% confidence level because the P-value for the Pearson correlation coefficient was .000 which is less than 0.05. Thus, the alternative hypothesis was accepted namely the relationship between the social partners has effect on the performance of state corporations. The correlation results of the two variables are presented (see Table 4.44).

**Table 4.44 Pearson Correlation Coefficient for Relationship Between Social Partners Versus Performance of State Corporations**

		<b>Performance of State Corporations</b>	<b>Relationship between Social Partners</b>
Performance of State Corporations	Pearson Correlation	1	.387**
	Sig. (2-tailed)	0	0
	N	279	279
Relationship between Social Partners	Pearson Correlation	0.387**	1
	Sig. (2-tailed)	0.000	
	N	279	279

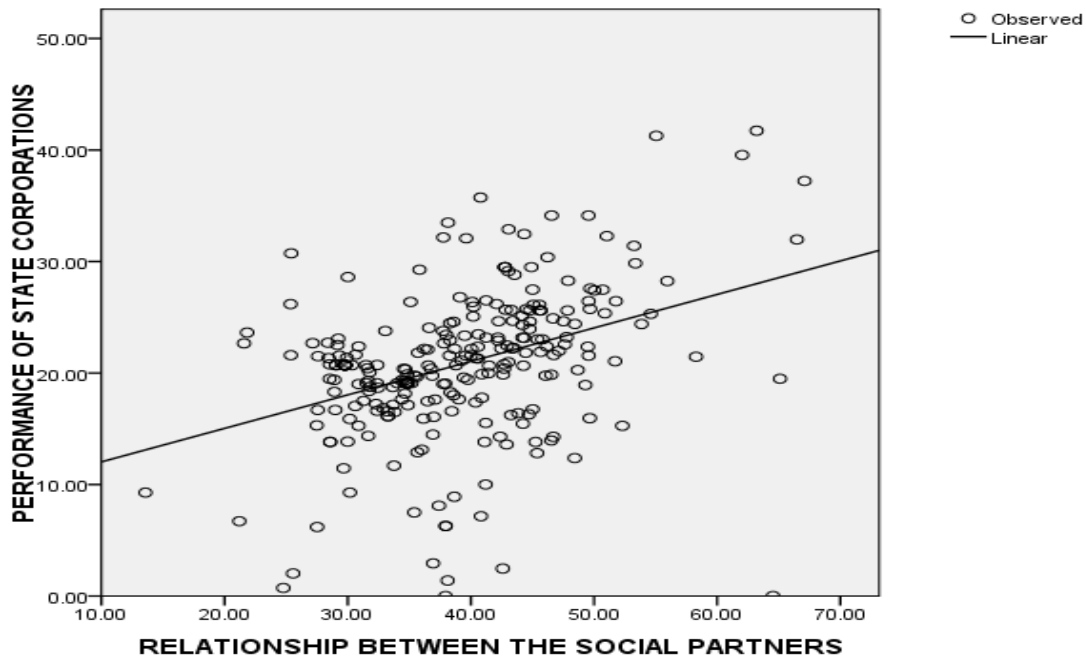
The coefficient of the relationship between social partners and performance of state corporations was computed and established to be .300. Hence, from Table 4.46, it is clear that the relationship between the social partners has a positive effect on performance of state corporations with a gradient of .300. This implies that a unit change in the relationship between the social partners increases the performance of state corporations at the rate of 0.300. The coefficient is presented (see Table 4.45).

**Table 4.45 Coefficient of Relationship Between Social Partners Versus Performance of State Corporations**

<b>Model</b>	<b>Unstandardized B</b>	<b>Coefficients Std. Error</b>	<b>Standardized Coefficients Beta</b>	<b>t</b>	<b>Sig.</b>
(Constant)	9.033	1.701		5.309	0.000
Relationship Between Social Partners	0.300	0.043	0.387	6.985	0.000

#### 4.7.11.2 Regression

Since the scatter plot in Figure 4.22 indicated a linear association between the relationship between social partners and performance of state corporations, a regression line could be fitted for the variables. This means that the relationship between social partners predicts the performance of state corporations. The regression line is presented (see Figure 4.19).



**Fig. 4.19 Regression Line for Relationship Between Social Partners Versus Performance of State Corporations.**

The Goodness-of-Fit namely, R – Square of the relationship between social partners versus performance of state corporations was computed and established to be .150. This means that 15% of variation in performance of state corporations can be explained by the relationship between the social partners. The remaining 85% is explained by the other variables namely, role of social partners, tripartite consultation system, economic change and tripartite consultation. The results of Goodness-of- Fit are presented (see Table 4.46).

**Table 4.46 Goodness of Fit for Relationship Between Social Partners Versus Performance of State Corporations**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	0.387	0.15	0.147	5.923

**4.7.11.3 Intervening Effect of Tripartite Consultation between Relationship Between Social Partners and Performance of State Corporations**

Partial correlation coefficient when tripartite consultation as an intervening variable is present between relationship between social partners and performance of state corporations was computed and established to be 0.387. The correlation coefficient when the effect of tripartite consultation as an intervening variable between relationship between the social partners and performance of state corporations was controlled was computed and established to be 0.015. Hence, the difference between the two coefficients is 0.372. This means that tripartite consultation intervenes positively between the relationship between social partners and performance of state corporations.

The highest intervening effect was relationship between the social partners and performance of state corporations. The least intervening effect was between economic change and performance of state corporations. The partial coefficient correlations is presented (see Table 4.47).

**Table 4.47 Effects of the Intervening Variable**

<b>Independent Variable</b>	<b>Performance of State Corporations</b>		
	<b>Correlation coefficient when the effect of intervening variable is present</b>	<b>Correlation coefficient when the effects of intervening variable is controlled</b>	<b>Difference</b>
Relationship between the social partners	0.387	0.015	0.372

#### 4.8 OVERALL REGRESSION MODELS

Two multiple regression models were adopted by the study. One with effect of tripartite consultation as an intervening variable and the other without the effect. A multiple regression model attempts to determine whether a group of variables together predict a given variable (Mugenda & Mugenda, 2003). A multiple regression model separates each individual variable from the rest, allowing each to have its own coefficient describing the relationship to the dependent variable. The multiple linear regression model, with four explanatory variables, had an R-Square value of 0.943. This meant that 94.3% of variation in performance of state corporations can be explained by the model and 5.7% of the difference remained unexplained in the error term. The model summary is presented (see Table 4.48).

**Table 4.48 Overall Regression Model Summary Without Tripartite Consultation**

<b>Model</b>	<b>R</b>	<b>R Square<sup>b</sup></b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.971 <sup>a</sup>	.943	.942	5.196

#### 4.8.1 Overall Regression Model with Tripartite Consultation

The multiple linear regression model with five explanatory variables, the fifth being tripartite consultation as an intervening variable, had an R-Square of .951. This meant that 95.1% of variation in performance of state corporations could be explained by the model. The difference of 4.9% remained unexplained in the error term. The model summary is presented (see Table 4.49).

**Table 4.49 Overall Regression Model with the Influence of Tripartite Consultation**

Model	R	R Square <sup>b</sup>	Adjusted R Square	Std. Error of the Estimate
2	.975 <sup>c</sup>	.951	.950	4.823

#### 4.8.2 ANOVA Test

ANOVA test was undertaken to confirm whether the whole model was a significant fit of the data. The ANOVA was made to test the impact independent variables had on the dependent variable in a regression model without the influence of tripartite consultation (Sarantakos, 1998). After computation of the ANOVA, the model as a whole was proved a significant fit of the data. The ANOVA results are presented (see Table 4.50).

**Table 4.50 ANOVA Test Results for the Regression Model Without Influence of Tripartite Consultation**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	123061.326	4	30765.331	1.139	.000
	Residual	7425.854	275	27.003		
	Total	130487.180 <sup>b</sup>	279			



#### 4.8.2.1 ANOVA Test Results for the Regression Model with Effect of Tripartite

##### Consultation

An ANOVA test undertaken confirmed the whole model as a significant fit of the data, with presence of the influence of tripartite consultation. The ANOVA results are presented (see Table 4.51)

**Table 4.51 ANOVA Test Results for the Regression Model with Effect of Tripartite Consultation**

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
2	Regression	124113.273	5	24822.655	1.067	.000
	Residual	6373.907	274	23.262		
	Total	130487.180 <sup>b</sup>	279			

#### 4.8.3 Coefficients of Study Variables Without Intervening Variable

Coefficients of the variables of the study were computed. Standardised Coefficient is usually done to answer the question of which of the independent variables has a greater effect on the dependent variable in a multiple regression model, when the variables are measured in different units (Newton & Rudestam, 1999).

From Table 4.52 it is clear that the role of social partners, tripartite consultation system and relationship between the social partners have a significant positive effect on the performance of state corporations with gradients of 0.339, 0.292 and 0.387 respectively when effect of

tripartite consultation is held constant. The P-value of the three variables was 0.000. This implies that a unit change in the role of social partners, tripartite consultation system and relationship between social partners increases the performance of state corporations at the rate of 0.339, 0.292 and 0.387 respectively. However, economic change had an insignificant effect on the performance of state corporations with a P-value of 0.589.

**Table 4.52 Coefficients of study variables without Effect of Tripartite Consultation**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Role of Social Partners	.121	.025	.339	4.794	.000
Tripartite Consultation System	.280	.057	.292	4.932	.000
Economic Change	-.014	.026	-.035	-.541	.589
Relationship between the Social Partners	.211	.041	.387	5.125	.000

Hence, from Table 4.52 the model can be fitted as;  $y = 0.339 x \text{ role of social partners} + 0.292 x \text{ tripartite consultation system} - 0.035 x \text{ economic change} + 0.387 x \text{ relationship between social partners}$ .

#### **4.8.4 Coefficients of Study Variables with Intervening Variable**

The standardized coefficient of the independent and intervening variables were computed. It is therefore clear from Table 4.54 that the role of social partners and tripartite consultation system as independent variables and tripartite consultation as an intervening variable had a significant positive effect on the performance of state corporations with a gradient of 0.287,

0.213 and 0.520 respectively. This implies that a unit change in the role of social partners, tripartite consultation system and tripartite consultation increases the performance of state corporations at a rate of 0.287, 0.213 and 0.520 respectively.

However, economic change and relationship between social partners had insignificant effect on the performance of state corporations. The results are presented (see table 4.53).

**Table 4.53 Standardised Coefficient**

<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
Role of Social Partners	.102	.024	.287	4.334	.000
Tripartite Consultation System	.204	.054	.213	3.793	.000
Economic Change	-.012	.024	-.030	-.508	.612
Relationship between the Social Partners	-.002	.050	-.003	-.032	.975
Tripartite Consultation	.300	.045	.520	6.725	.000

a. Dependent Variable: Performance of State Corporations

From Table 4.53 the model can be fitted as;

$$y = 0.287 \times \text{role of social partners} + 0.213 \times \text{tripartite consultation system} - 0.030 \times \text{economic change} + 0.520 \times \text{tripartite consultation}.$$

After computation of the coefficient of relationship between social partners versus performance of state corporations, the results showed that relationship between social partners had a significant positive effect on the performance of state corporations with tripartite consultation being controlled. After the computation of the coefficient of the relationship between social partners versus performance of state corporations with effect of

tripartite consultation, the results showed an insignificant effect with a P-value of .975. This prompted a further investigation to establish the correlation between the relationship between social partners and tripartite consultation.

#### **4.8.5 Pearson Correlation Coefficient**

The correlation between relationship between social partners and tripartite consultation was computed using Pearson Correlation Coefficient. Kasomo, (2006) has explained that the Pearson Correlation Coefficient is commonly used in linear regression to measure the strength of the association between two variables. The Pearson Correlation Coefficient of the relationship between social partners as an independent variable and tripartite consultation as an intervening variable was established to be 0.667.

It could then be concluded that there is a strong positive correlation between the two variables, since the results belong to a very strong category of relationship of 1.0 to 0.5 according to Choudhury (2009). This positive correlation is statistically significant at 95% confidence level since the P-value for the Pearson Correlation Coefficient was .000 which is less than 0.05. Thus, there is a strong positive linear relationship between the two variables. Hence, tripartite consultation positively influences the relationship between the social partners. Besides, the presence of tripartite consultation renders relationship between social partners insignificant. Thus, tripartite consultation is stronger than relationship between the social partners and replaces it (see Table 4.54).

**Table 4.54 Pearson Correlation Coefficient of Relationship between Social Partners and Tripartite Consultation System**

		<b>Relationship between the Social Partners</b>	<b>Tripartite Consultation</b>
Relationship	Pearson Correlation	1	.667**
Between the	Sig. (2-tailed)		.000
Social Partners	N	279	279
Tripartite	Pearson Correlation	.667**	1
Consultation	Sig. (2-tailed)	.000	
	N	279	279

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The positive influence of tripartite consultation over relationship between social partners is supported by Ishikawa (2003) who has explained that if tripartite consultation is full blown, it reaches a level of social dialogue, commonly called social concertation, whereby employers', workers' representatives and governments develop a reflex for acting in a concerted manner to address all labour issues by seeking consensus. Turnbull (2006) is emphatic that social dialogue is propelled by ground rules which govern consultation about consultation and negotiation about negotiation.

#### **4.8.6 Regression Model without Relationship between Social Partners.**

After tripartite consultation was established to replace relationship between social partners, a further investigation was undertaken to establish the fit of the model. Multiple Linear Regression Model with four explanatory variables without the relationship between social partners had an R Square of .951. This meant that 95.1% of variation in performance of state

corporations could be explained by the model. The difference of 4.5% remained unexplained in the error term (see Table 4.55)

**Table 4.55 Regression Model Without Relationship Between Social Partners.**

<b>Model Summary</b>				
<b>Model</b>	<b>R</b>	<b>R Square<sup>b</sup></b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.975 <sup>a</sup>	.951	.950	4.81434619

a. Predictors: Tripartite Consultation, Tripartite Consultation System, Economic Change, Role of Social Partners

#### 4.8.7. ANOVA Test

An ANOVA test undertaken confirmed the whole model as a significant fit of the data without the presence of relationship between the social partners. The ANOVA is presented (see Table 4.56)

**Table 4.56 ANOVA Test**

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	124113.250	4	31028.312	1.339E3	.000 <sup>a</sup>
	Residual	6373.931	275	23.178		
	Total	130487.180 <sup>b</sup>	279			

a. Predictors: Tripartite Consultation, Tripartite Consultation System, Economic Change, Role of Social Partners

#### 4.8.8 Coefficients of Study Variables without Relationship between Social Partners.

Coefficient is usually done to answer the question of which of the independent variables has a greater effect on the dependent variable in a multiple regression model, when the variables are measured in different units (Newton & Rudestam, 1999). From Table 4.58, it is clear that the role of social partners, the tripartite consultation system and tripartite consultation have a significant positive effect on the performance of state corporations with gradients of .286, .213 and .518 respectively. The P-Value of the three variables was 0.000. This implies that a unit change in the role of social partners, tripartite consultation system and tripartite consultation increases performance of state corporations at the rate of .286, .213, .518 respectively. However, economic change had an insignificant effect on the performance of state corporations with P-Value of 0.542. The results are presented (see table 4.57).

**Table 4.57 Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Role of Social Partners	.102	.023	.286	4.404	.000
	Tripartite Consultation Systems	.205	.054	.213	3.801	.000
	Economic Change	-.012	.020	-.031	-.610	.542
	Tripartite Consultation	.299	.034	.518	8.717	.000

a. Dependent Variable: Performance of State Corporations

b. Linear Regression through the Origin

The second model could be fitted as follows:

$y = 0.286 x \text{ role of social partners} + 0.213 x \text{ tripartite consultation system} - 0.31 x \text{ economic change} + 0.518 x \text{ tripartite consultation.}$

It could then be concluded that the last model without relationship between social partners is a better model. This is because the Goodness-of-Fit of the model without relationship between partners is .951 meaning that 95.1% is explained by the model. The Goodness-of-Fit of the model without tripartite consultation is .943 translating to 94.3% being explained by the model. The difference between the two values is 0.8 making the latter model a better one, when relationship between social partners is absent and tripartite consultation is present.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 INTRODUCTION**

This chapter presents the summary of the study, conclusions, recommendations and suggested areas of future research. The purpose of the study was to establish the factors of tripartite consultation influencing the performance of state corporations in Kenya. The study was made to establish whether the role of social partners, the tripartite consultation system, economic change and relationship between the social partners influenced the performance of state corporations in Kenya. Tripartite consultation was the intervening variable of the study. Hence, the study was also made to establish whether tripartite consultation intervened between the independent variables already mentioned and the performance of state corporations.

#### **5.1 SUMMARY OF FINDINGS**

##### **5.1.1 Influence of the Social Partners' Role on the Performance of State Corporations**

The study found that employers adequately performed the following roles related to tripartite consultation. Employers negotiated with trade unions, participated in signing of collective agreements with unions, recognized trade unions as the sole representatives of employees, allowed employees the right to enroll and continue being union members, allowed employees the right to organize and bargain collectively and allowed employees rights to participate in

union activities without discrimination. However, though employers are required to inform employees the content of Industrial Relations Charter and allow publicity of the Charter in organizations, this role was not performed by employers and even most of the organizations did not have copies of the Industrial Relations Charter. Besides, it was also found that employers did not have much influence in policy and legal environment in labour related issues.

Moreover, the study found that trade unions played the following roles related to tripartite consultation; they discouraged breach of peace by union members, discouraged union activities during working hours unless allowed by law, discouraged negligence of duty, damage to property, insubordination, use of abusive language, acted as medium through which workers' interests and grievances were expressed, engaged in collective bargaining and always sought to end strikes.

However, trade unions had not helped to secure fairer wages for employees in the light of the cost of living, had not improved workers' working conditions by securing shorter working hours, had not helped in establishment of better working facilities, had not assured workers a share of profits of their organizations, had not safeguarded employees against exploitation and had not resisted retrenchment of employees to secure their work.

Though trade unions were found not to have secured fairer wages for employees, nominal wages of Kenyan workers had been reviewed and had gone up by an average of 3.5%. However, prizes in goods and services had risen to a higher rate of 4.1%, leaving workers with negative real wages, due to high inflation which had hit the country. Trade unions could not have secured shorter working hours outside the legal prescribed official hours. This

obligation was expected to be performed during the factory time namely, early stages of industrialization. The Employment Act prescribes the official working hours and employers are expected to comply. Most states corporations are non profit making and unions' agitation for a share in profits would not have worked in most of them.

In addition, the government through the Ministry of Labour had initiated, elaborated and implemented labour policy, had ensured implementation of labour law, had not promoted trade unionism on industrial basis and had adequately helped conciliate employers and unions in conflict. However, the Ministry of Labour had not ensured speedy settlement of disputes in labour issues and labour administration. The Registrar of trade unions had not avoided overlapping of trade union areas of activity and the Ministry of Labour had not adequately played its key role of dispute settlement between employers and trade unions.

It was also found out that the Ministry of Labour experienced challenges in its performance of duties. The Ministry of Labour had human resource constraints in terms of numbers making it difficult to cover all counties effectively. Besides, the labour officers lacked in training and competence to offer adequate services. Infrastructural incapacity as regards adequate equipment, vehicles, financial inadequency occasioned by low budgetary allocation of the Ministry compared with other ministries, impeded effective performance of the Ministry.

The computed Cronbach's Alpha of the items of the role of social partners was .922. This meant a high reliability of the study instrument and data. The computed Pearson correlation coefficient of the role of social partners versus performance of corporations was 0.519. This meant it clear that there was a moderate positive correlation between the two variables.

Hence, the role of social partners significantly influenced the performance of state corporations at 95% confidence level because the P-value for the Pearson correlation coefficient was .000 which is less than 0.05.

Thus, the alternative hypothesis was accepted and remained as stated that; the role of social partners has affected the performance of state corporations. Furthermore, the role of social partners had a positive effect on performance of state corporations, since after the computation of the coefficient of the variables the gradient was 0.208. This meant that a unit change in the role of social partners increases performance of state corporations at the rate of 0.208. In addition, the Goodness-of-Fit namely, the R-Square of the role of social partners was .269. This implied that 26.9% of variation in performance of state corporations was explained by the role of social partners. The remaining percentage of 73.1% was explained by the other variables of the study.

### **5.1.2 Effect of Tripartite Consultation System on the Performance of State Corporations**

Generally, the findings indicated that the existing tripartite consultation system had been adhered to but with a lot of challenges. The study found that management of state corporations had entered into Recognition Agreements with trade unions. However, Recognition Agreements were not reached without challenges. Statistics gathered from the Industrial Court Disputes Register indicated that between 2002 and June 2012, 343 cases of failure to recognize trade unions by management had been registered with the Court. However, through the intervention of the Court trade unions were recognized.

The study also found that there had been delay in conclusion of Collective Bargaining Agreement in some state corporations, and where the agreement had been concluded, some management had hesitated implementing some parts of the agreement, culminating to strikes. Besides, the statistics gathered from the Industrial Court Register showed that Registered Collective Agreements had reduced from 292 in 2008/2009 to 220 in 2011/2012 financial year. The delay in conclusion of CBAs and inadequate implementation were attributed to growing economic difficulties which had induced parties to continue with existing conditions or even abandon the bargaining process altogether.

As far as employers associations were concerned, Collective Bargaining had been hampered by lack of data on productivity and thus negotiations were based on the cost of living leading to compensation of labour at the expense of capital. In addition, there was lack of transparency in negotiations and government concealed information. Therefore, negotiations were political instead of being economic. The government was found to have worked to be popular and thus there was no line between technocrats and politicians. Consequently, issues of labour had been politicized and the government will was inadequate. This led to the government conceding to terms of payment which were unsustainable, leading to industrial actions in agitation what the government had failed to offer.

Industrial actions in form of strikes were very common in many state corporations, occasioned by stalemates in negotiations and failure to implement Collective Bargaining Agreement. Other causes of strikes included management's failure to handle labour issues adequately, failure to review CBAs biannually as prescribed by the law and lack of preparedness and seriousness on dealing with simple issues which developed into major ones. Salary differentials where employees compared themselves with relevant others in the public

and private sector reflecting inequity had culminated to industrial actions, occasioned by a common feeling that there existed unfair compensation of staff .

Moreover, the Ministry of Labour had adequately submitted labour disputes for final settlement by the Industrial Court. However, many disputes had not been finalised by the Court. This was attributed to low staffing levels of the Industrial Court. This was supported by information gathered from Industrial Court Disputes Report for the period between 2008 - 2012. For instance in 2011 to 2012, 2267 disputes had been submitted to the Court and 955 cases had been finalized leaving 1312 cases not finalized. The low staffing levels were compounded with the direct access of aggrieved employees to seek redress by the Court as provided by the Labour Relations Act 2007.

The computed Cronbach's Alpha of the elements of tripartite consultation system was .815 meaning a high reliability of research instruments and data. Pearson Correlation Coefficient of tripartite consultation system as an independent variable versus performance of state corporations as dependent variable was 0.528. This implied that there was a strong positive correlation between the two variables since the results of the correlation belonged to a strong category of 1.0 - 0.5. Hence, tripartite consultation system significantly influenced the performance of state corporations at 95% confidence level because the P-Value for the Pearson Correlation Coefficient was 0.000 which is less than 0.005. Thus, the alternative hypothesis was accepted as stated namely, tripartite consultation system has affected the performance of state corporations.

The coefficient of tripartite consultation system versus performance of state corporations presented a gradient of 0.473. This implied that a unit change in tripartite consultation system

increases performance of state corporations at the rate of 0.473. Besides, a regression line could be fitted for the two variables, meaning that tripartite consultation system predicts the performance of state corporations. The Goodness-of-Fit computed for the two variables was .279. This meant that 27.9% of variation in the performance of state corporations is explained by the tripartite consultation system. Hence, the remaining percentage of 72.1 was explained by the other variables of the study.

### **5.1.3 Effects of Economic Change on Performance of State Corporations**

The study found that globalization had led to the following effects in organizations: engagement of more employees on part-time basis, extension of out sourcing to less core functions to cope with competition, adaptation to lean and mean organization structure, massive loss of jobs and increased unemployment and engagement of employees in the informal sector with low job security and poor pay. These strategies were embraced to reduce cost of organizations and manage competition. Though these strategies had been embraced they had not affected negatively the performance of organizations though they had negatively affected individual employees.

Besides, the study found that privatization had led to mass redundancies, had brought in new management, new standards to be met, new policies which unions had to cope with, had reduced union membership and consequently loss in income. Moreover, the study found that inflation had led to the following: disagreement in salary adjustment between employers, unions and government, had led to delayed conclusion of CBAs due to disagreement, failure to review employees' wages to match with the increase of commodity prizes, poor relations

between employees and employers, employees' inability to meet the cost of living and increased strikes by workers seeking adjustment of wages to meet the cost of living.

The study further found that inflation had led to salary review guided by inflation rates, the increased wages had further been eroded by high inflation rates, government had resisted laying off of staff in some organizations due to high inflation rate. Besides, government's inability to pay salaries that could sustain employees had made it difficult for unions to win negotiations since productivity of organizations had equally been affected due to increased production cost, which unions did not consider while demanding for rise in salaries. In addition, since many state corporations are non-profit making, inflation had led to inadequate compensation.

The study found that the implementation of the following strategies in order of priority would address effects of economic change: future increase in salary should be negotiated and rationally agreed upon by unions; employers and the government; concerted efforts by all partners to increase productivity of organizations will benefit all; future negotiations should be informed by research that takes into account increase in production; optimization on delocalization of production in the country; partners agreeing collectively on a national recovery programme like freeze of salary review during hard economic times and finally, having a shared sense of temporary crisis during deteriorating economic conditions.

The computed Cronbach's Coefficient Alpha of items of economic change was .860. This meant a high reliability of study instruments and data collected. Pearson Correlation Coefficient of the economic change versus performance of state corporations was computed and established to be 0.023. This meant that there is a weak positive correlation between the



two variables since the results belonged to the weak category of 0.01 -0.3. Hence, the economic change insignificantly influences the performance of state corporations. This is because the P-Value for the Pearson Correlation Coefficient was .706 which is greater than 0.05. Hence, the null hypothesis was thus accepted as stated that economic change has not affected the performance of state corporations,

The computed coefficient of economic change versus performance of state corporations indicated a gradient of 0.014. This implied that a unit change in economic change increases performance of state corporations at the rate of 0.014. A Goodness of Fit for the economic change versus performance of state corporations was 0.001. This meant that 0.1% of variation in the performance of state corporations can be explained by economic change. The remaining percentage of 99.9% is explained by the other variables of the study. The small variation in the performance can be explained by the fact that state enterprises get support from the government in form of subsidies and protection mechanisms in hard economic times.

#### **5.1.4 Effects of the Relationship Between the Social Partners on the Performance of State Corporations**

The study found that as far as equality of the partners in concerned, there had been substantial equal representation on respective interests of the partners. The partners had freely chosen their representatives on all boards, and that despite their inevitable differences, employers, trade unions and the government had found areas of common agreement for their advantage.

Besides, the study found that the government exercised power over the other social partners through registration of trade unions and employers associations, suspension and de-

registration of trade unions and employers associations, prevention of arbitrary management decisions over employees and adjudicated disputes between aggrieved parties. The government had not always consulted the other social actors before announcing some decisions relating to employment relations.

As regards the forms of relationship between the partners, the study found that there had been confrontational relationship of low trust kind and that confrontational approach by trade unions had been deemed the tried and tested method of resolving certain disputes like pay. Management made decisions and trade unions responded to them if employees had been negatively affected and that during negotiations, the tougher and more aggressive negotiators won and conciliatory ones lost.

The government was found to have a unique position compared with the other social partners. The government had the final decision as regards issues of labour and Industrial Court awards. It was further found that partnership had existed among the social actors since there were rules of play of how far each partner could go in agitation for rights. However, confrontational approach had been embraced by most strong unions which were strongly convinced that confrontation brought management to the negotiation table. Though partnership, power sharing, mutuality and equality of partners existed, the approach highly embraced by trade unions was confrontational.

The computed Cronbach's Coefficient Alpha for the items of relationship between social partners was .789. This meant a high reliability of research instruments and data. The Pearson Correlation Coefficient of the relationship between the partners versus performance of state corporations was 0.387. This meant that there was a moderate positive correlation

between the two variables, since the results belonged to the moderate category of 0.3 to 0.5. Hence, the relationship between the social partners significantly influenced the performance of state corporations at 95% confidence level because the P-value for the Pearson Correlation Coefficient was .000 which is less than 0.05. Hence, the alternative hypothesis was accepted as stated, that the relationship between the social partners has effect on the performance of state corporations.

Besides, the coefficient of the relationship between the social partners versus performance of state corporations was 0.300. Hence, the relationship between the social partners had a positive effect on performance of state corporations with a gradient of .300. This implied that a unit change in the relationship between the social partners increases the performance of state corporations at the rate of 0.300.

A regression line was fitted for the variables. This meant that the relationship between the social partners predicts the performance of state corporations. In addition, a Goodness-of-Fit namely, R-Square for the relationship between the social partners and performance of state corporations was 0.150. This meant that 15% of variation in performance of state corporations can be explained by the relationship between the social partners. The remaining 85% is explained by the other variables of the study.

### **5.1.5 Intervention of Tripartite Consultation in the Performance of State Corporations**

The study found that consultation had helped to gather views and advice of employers' and workers' representatives in preparation and implementation of labour laws. It had helped in establishment and functioning of national bodies responsible for employment. It had further

led to participation in elaboration and implementation of plans of economic and social development. It had helped to improve conditions of work in regard to health, time and advancement at work.

As regards the areas of consultation the study found that there had been consultation in policy formulation, consultation during negotiations of collective agreement, review of labour laws, and equal participation in the established committees. There had been challenges in consultation in decision making on policy, fixation of minimum wages and in ending strikes.

The intervening effect of tripartite consultation was established by computation of partial correlation coefficient. The results obtained showed that the correlation coefficient when the effect of tripartite consultation as an intervening variable was present between the role of social partners and performance of state corporations was 0.519. The correlation coefficient when the effect of tripartite consultation was controlled between the role of social partners and performance of state corporations was 0.375. Hence, the difference between 0.519 and 0.375 is 0.144. This meant that tripartite consultation intervenes positively between the role of social partners and performance of state corporations.

Besides, the partial correlation coefficient when the effect of tripartite consultation is present between the tripartite consultation system as an independent variable and performance of state corporations as a dependent variable was computed and established to be 0.528. The correlation coefficient when the effects of tripartite consultation are controlled was 0.376. Hence, the difference between the two coefficients was 0.152. It was therefore clear that tripartite consultation intervenes positively between tripartite consultation system and performance of state corporations.

Moreover, correlation coefficient when the effect of tripartite consultation as an intervening variable is present between economic change and performance of state corporations was computed and established to be 0.023. The correlation coefficient when the effect of tripartite consultation is controlled was computed and established to be -0.069. The difference between the two coefficients was 0.092. It was then concluded that tripartite consultation positively intervenes between economic change and performance of state corporations.

In addition, partial correlation coefficient when tripartite consultation as an intervening variable is present between relationship between social partners and performance of state corporations was computed and established to be 0.387. The correlation coefficient when the effects of tripartite consultation as an intervening variable between relationship between the social partners and performance of state corporations were controlled was computed and established to be 0.015. Hence, the difference between the two coefficients is 0.372. This meant that tripartite consultation intervenes positively between the relationship between social partners and performance of state corporations. The highest intervening effect was relationship between the social partners and performance of state corporations. The least intervening effect was between economic change and performance of state corporations.

The study found that tripartite consultation had led to low absenteeism being recorded, there had been high retention of staff in organizations, and organizations had become more productive and that there was improvement in quality of services. These had translated to high performance of state corporations.

### **5.1.6 Effects of Tripartite Consultation on Performance of State Corporations**

The study found that the following partnership approaches had been practiced in organizations. That staff had been trained by the organizations. Through training, staff had acquired skills for better performance in the organizations and for personal gain. Besides, there had been harmonization of interests of the social partners, making employees to exert themselves more for the good of organizations and for their own good. These factors had made them to be more committed, translating to high performance.

However, there was a strong feeling that there lacked fair financial rewards. This was due to salary differentials among staff in various state corporations and the nation generally. Employees in state corporations with low pay compared themselves with relevant others in other state corporations and the private sector and felt poorly paid. The feeling of poor financial rewards had been compounded by high inflation rate which had been experienced in the country. High inflation had eroded the effect of salary increments which had been offered, increasing the feeling of unfair remuneration of staff. The finding that trade unions had not been friendly to management was evident through the acrimonial approach to labour issues which unions had adopted and applied.

The Cronbach's Coefficient Alpha of items of performance of state corporations, as the dependent variable of the study was .839. This meant high reliability of data collected by use of the research instruments of the study. The normal test of performance of state corporations was done by use of Q-Q plot. The results indicated that the dependent variable was normally distributed.

The study adopted two multiple linear regression models. The first model had four explanatory variables without the effect of the intervening variable and the second one had five explanatory variables with intervening variable. The first model had an R-square value of 0.943. This meant that 94.3% of variation in performance of state corporations is explained by the model. The remaining 5.7% of the difference remained unexplained in the error term.

Besides, the multiple linear regression model with four explanatory variables and intervening effect of tripartite consultation had an R-square value of .951. This made that 95.1% of variation in performance of state corporations is explained by the model. The difference of 4.9% remained unexplained in the error term. It is therefore clear that tripartite consultation has positive effect in the performance, since there was an increase of .8% in explanation of variation of performance when tripartite consultation was present.

An ANOVA test confirmed the two models to be a significant fit of the data. Moreover, with effects of tripartite consultation held constant it was found that the role of social partners, tripartite consultation system and relationship between social partners had a significant positive effect on the performance of state corporations. However, economic change had an insignificant effect on the performance of state corporations. This was attributed to the economic support state corporations are given by the Government, hence sustaining them.

Moreover, when the effect of tripartite consultation was present, role of social partners, tripartite consultation system and tripartite consultation had a significant positive effect on the performance of state corporations. However, economic change and relationship between social partners had insignificant effect on the performance of state corporations.

Since relationship between social partners had a significant positive effect on the performance of state corporations, without the intervening effect of tripartite consultation and had an insignificant effect on the performance with presence of tripartite consultation, a further investigation of the correlation between tripartite consultation and relationship between the social partners was undertaken. Pearson Correlation Coefficient of the two variables was computed. The results indicated a strong positive correlation between the two variables.

Hence, there is a strong positive linear relationship between the two variables. Thus, the presence of tripartite consultation renders the relationship between partners insignificant. Human resource managers may view tripartite consultation as superior to the relationship between the social partners. The strong influence of tripartite consultation over relationship between social partners is supported by the argument that if it is full blown, it reaches a level of social dialogue namely; social concertation. At that level partners develop a reflex for acting in a concerted manner to address all issues by seeking consensus.

## **5.2 CONCLUSIONS**

Out of the study findings it can be concluded that the role played by social partners positively influenced the performance of state corporations. This is supported by the adequate social partners' performance of their roles as revealed by the study. The trade unions advocated, protected and regulated the behaviour of their members. Employers provided for employees' rights and endeavored to create conducive working environment. The ministry of labour, initiated elaborated regulated and implemented labour policies and law.



The study also concluded that tripartite consultation system existed and was adhered to. Hence, the process of; union recognition, conclusion of collective agreement and implementation of agreement were adhered to. Third party interventions such as; conciliation, arbitration and adjudication were applied. The study concluded that tripartite Consultation system affected positively the performance of state corporations in Kenya. The established system, thus provided the mechanism of addressing the inevitable differences that existed between the partners and when the right interventions are put in place as the system provides, it moderated conflicts, reduced wastage of time and enabled concentration on productivity.

From the findings of the study it could be concluded that economic change like globalization, inflation and privatization had insignificant effect on the performance of state corporations. Though some state corporations had been privatized and high rate of inflation had been experienced in the country, the government stepped in and cushioned state corporations from being negatively affected.

Out of the study findings it could be concluded that the relationship between social partners significantly affected the performance of state corporations. The study revealed that among the various approaches unions had embraced confrontational approach to agitate for workers' rights. This forced management to negotiation tables and issues of labour were solved.

This study among other objectives was undertaken to establish whether tripartite consultation intervened between the roles of social partners, tripartite consultation system, economic change, relationship between social partners and the performance of state corporations.

The study findings led to a conclusion that tripartite consultation positively intervened significantly influencing performance of state corporations.

This study appreciated that tripartite consultation is not an end in itself but a means of achieving an acceptable balance between economic and social imperatives. It also held the view that tripartite cooperation ultimately depends on whether there is political will to pursue the objective. Hence, cooperation between the social partners of every level is indispensable for tripartite consultation to work.

The political will of Kenyan government as a third social partner was found inadequate, hence impeding realization of effective consultation. The government took too long to intervene during industrial actions even in cases involving loss of life. It also sent officers who lacked legal authority in decision making to attend consultative meetings during industrial actions. In other instances government officers boycotted meetings altogether. This stalled the conclusion of negotiations to end industrial actions. Furthermore, negotiations were politicized and political government of the day gave in to trade unions' demand for political gain. This led to failure to implement the CBAs signed and rampant industrial actions.

### **5.2.1 Recommendations**

The study made the following recommendations:

The Industrial Relations Charter should be reviewed and synchronized with the Kenyan Constitution 2010 and existing Labour Laws.

The government as a matter of policy should strengthen and enforce adherence to the prescribed tripartite consultation system. Hence, bipartite Recognition Agreements, conclusion of CBAs, implementation of the agreement and existing third party intervention measures should be captured in the national employee relations Policies.

The government should expand the capacity of the Ministry of Labour in terms of human resource development, human resource establishment and infrastructure since the ministry is the key player in national and international employee relations.

The social partners should enter into agreement that future negotiations shall be informed by research that takes into account increase in production. High productivity should therefore be the basis of salary review, which should be for the benefit of both employers and employees.

During hard economic times as matter of policy partners should agree collectively on a national recovery programme like freeze of salary review being perceived as a temporary crisis. This strategy should be aimed at economic recovery which demands collective responsibility. Hence, employees should know that failing to positively contribute for continued growth of the economy should translate to no salary review until stability and growth is realized.

The social partners should embrace partnership and mutuality approaches to replace the current confrontational / adversarial approach to improve the quality of national industrial relations. It should be appreciated that union militancy interferes with efforts to improve organizations performance and harmonious industrial relations.

The principle of negotiation that one cannot promise what one is unable to offer should be embraced by both trade unions and employers. If adhered to employers, the government being the biggest employer should give what they should reasonably afford and sustain and employees should accept what employers offer in good faith.

The issue of national income differentials should be addressed faithfully by all partners. Hence a policy of harmonization of salaries should be considered as an urgent move to help reduce industrial actions which have among other reasons been caused by inequality in pay.

The government should empower and grant total independence to Salaries and Remuneration Commission to address salary inequalities in the country.

### **5.2.2 Areas of Future Research**

This study focused on factors of tripartite consultation influencing the performance of state corporations. Specifically, the factors considered included the role of social partners, the tripartite consultation system, economic change and relationship between social partners. The study recommends future researchers to:

- a) Investigate on Human Resource Management (HRM) union substitution/suppression in non-unionised state corporations. This suggestion was motivated by the fact that only state corporations with strong trade unions had elaborate union activities. Employees of some state corporations felt a need to be unionized but feared the management hence, an indication that union suppression could be existing.

- b) Establish the effects of economic change on the performance of the private sector in Kenya. This suggestion is informed by the finding that state corporations had been financial cushioned by the government inform of endless subsidies.

### **5.2.3 Contribution to the existing body of Knowledge**

The study contributed to the existing body of knowledge in the following ways; it availed information on the factors of tripartite consultation influencing the performance of state corporations; it established that the relationship between social partners is rendered insignificant by tripartite consultation; it determined the roles played by social partners and how they had influenced performance of state corporations.

Besides, it established the tripartite consultation system in Kenya as existing and working though facing challenges; it revealed that economic issues such as globalization, privatization and inflation had insignificant effect on performance of state corporations since the government financially cushioned the corporations. Finally, it informed the various employee relations approaches existing in Kenya and that confrontational approach had been embraced by major strong labour unions.

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## ANNEX I

### QUESTIONNAIRE

#### INTRODUCTION

This questionnaire is seeking information on the factors of tripartite consultation influencing the performance of state corporations in Kenya, for the award of a degree of Doctorate of Philosophy in Human Resource Management of Jomo Kenyatta University of Agriculture and Technology - NCBD Campus. You are requested to answer the questions as honestly as possible.

#### Instructions:

- Please answer all the questions.
- Kindly tick (✓) the appropriate answers.
- Please fill the open spaces provided.

#### A. ROLE OF SOCIAL PARTNERS (Employers/ FKE, Trade Union/ COTU and Ministry Of Labour)

1. Our Employer plays the following roles in organization:

	Position	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Choices						
(a)	Negotiates with the trade union					
(b)	Signs collective agreement with our union.					
(c)	Recognizes trade union as the sole representative of employees					
(d)	Allows employees right to enroll and continue being union members.					
(e)	Allows employees to exercise their rights to organize and bargain collectively.					
(f)	Assists in settlement of grievances.					

(g)	Informs employees the content of the industrial relations charter.					
(h)	Assists in settlement of grievances and agreements speedly.					
(i)	Allows employees to participate in union activities without discrimination.					
(j)	Allows full publicity of industrial relations charter in the notice boards.					
(k)	Always seeks to bring to an end strikes by workers.					
(l)	Influences policy and legal environment relative to labour related issues.					
(m)	Allows employees the right to approach the management on personal problems.					
(n)	The role of the employer in our organization has highly improved the performance of our organization.					

Please add any other role played by your employer or FKE in your organization:

.....  
 .....

2. Trade union has played the following roles in our organization.

	Position	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
	Choices					
(a)	The union has discouraged any breach of peace by union members..					
(b)	The trade union has discouraged union activity during working hours unless when allowed by law.					
(c)	The union has always discouraged practices such as negligence of duty, damage to property, insubordination, use of abusive language by union					

	members.					
(d)	Has displayed in their offices copies of industrial relations charter.					
(e)	Union has maintained a high number of union members in the organization.					
(f)	Union has helped secure fairer wages for employees in the light of cost of living.					
(g)	Union has improved workers working conditions by securing shorter working hours for them.					
(h)	The union has helped establishment of better working facilities.					
(i)	Union has assured workers a share of profits of the organization					
(j)	Union has safeguarded employees against exploitation.					
(k)	Union has resisted retrenchment of employees and secured their work.					
(l)	Union has acted as a medium through which workers' interests and grievances are expressed.					
(m)	Union has engaged in collective bargaining.					
(n)	Union has discouraged breach of peace or civil commotion by union members.					
(o)	Has always sought to bring to an end strikes.					
(p)	The role of the trade union has improved the performance of our organization.					

Please add any other role(s) played by union in your organization.....  
.....



3. The ministry of labour has played the following roles as a representative of the government.

	Position	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Choices						
(a)	The ministry has initiated, elaborated and implemented government labour policy.					
(b)	The ministry has ensured implementation of labour law.					
(c)	The ministry has ensured speedy settlement of disputes in labour issues.					
(d)	Has jointly consulted with FKE and COTU on employment policy and labour administration					
(e)	The ministry has promoted trade unionism on industrial basis.					
(f)	The registrar of trade unions has avoided overlapping of trade union areas of activity.					
(g)	Has declared strikes in our organization illegal.					
(h)	The roles the ministry has played have improved the performance of our organization.					

Please add any other role(s) which the ministry of labour has played in your organization...

.....  
 .....

**B. TRIPARTITE CONSULTATION SYSTEM**

1. The following activities have been experienced in my organization regarding consultation:

	Position Choices	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
(a)	Management has highly recognized our trade union as the employees’ main representative.					
(b)	There has been no delay in the conclusion of Collective Bargaining Agreement.					
(c)	Management has speedily implemented concluded collective agreement culminating to no strikes.					
(d)	The management and the ministry of labour have promptly contracted strike notices reducing strikes in our organization.					
(e)	Management has adequately implemented industrial court award/ decisions.					
(f)	The government through ministry of labour has implemented collective agreement in our organization.					
(g)	The above factors have not negatively influenced the performance of our organization.					

Please add any other situation faced by your organization. ....  
 .....  
 .....

2. The following explanations can be attributed to strikes in our organization:

	Position	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
	Choices					
(a)	The management has adequately implemented collective agreement leading to no strikes.					
(b)	Preparedness and seriousness on dealing with simple issues which develop into major ones have led to lack of strikes.					
(c)	Our trade union has not embraced militancy as the most effective way of granting employees their rights, hence leading to lack of strikes.					
(d)	Through culture of violence has been deeply rooted in Kenya this is not the case in our organizations.					
(e)	Our management has regularly reviewed collective agreement within the stipulated time.					
(f)	The ministry of labour has promptly submitted disputes for final settlement by industrial court avoiding strikes.					
(g)	The awards/ decisions by industrial court have be effectively implemented by management leading to lack of strikes.					
(h)	Strikes have been the only effective means of employees having their problems addressed.					
(i)	Trade union has not split into new ones					
(j)	Strikes have not affected the performance of our organization.					
(k)	Has been general improvement of the performance of our organization.					

Please add any other explanation on strikes in yours organization.....  
 .....

## B. ECONOMIC CHANGE

1. The following effects have been experienced by my organization due to globalization:

	Position Choices	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
(a)	Engagement of more employees on part-time basis.					
(b)	Extension of outsourcing to core functions to cope with competition.					
(c)	Adaptation to lean and mean organization structure thus implementing downsizing.					
(d)	Massive loss of jobs and increased unemployment.					
(e)	Engagement of retrenched employees in the informal sector with low job security and poor pay.					
(f)	Poor performance of organizations due to effects of globalization on employees.					

2. Privatization has led to the following effects in our organization:

	Position Choices	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
(a)	Mass redundancies due to restricted staff.					
(b)	Privatization has brought in new management.					
(c)	Privatization has brought in new standards to be met.					
(d)	Privatization has brought in new policies which unions have to cope with.					
(e)	Reduced membership by unions and eventual loss in union income.					
(f)	Competition faced from rival companies.					
(f)	Poor performance of organizations due to effects of					

privatization on employees.					
-----------------------------	--	--	--	--	--

Please add any other challenges faced by organizations due to privatization.....  
 .....  
 .....

3. The following effects have been experienced in our organization due to inflation:

	Position	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Choices						
(a)	There has been disagreement in salary adjustment between employer, union and government.					
(b)	Delayed conclusion of collective agreement is experienced due to disagreement.					
(c)	Employees' wages have not been reviewed to match with increase of commodity prizes.					
(d)	Poor relations between employees and employers.					
(e)	Employees are unable to meet the cost of living.					
(f)	Increased strikes by workers seeking adjustment of wages to meet the cost of living.					
(g)	Poor performance of organization due to demotivated staff.					

Please add any other effect(s) faced by organizations due to inflation.....  
 .....  
 .....

4. By implementing the following strategies my organization will address future hard economic times (changes).

	Position	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Choices						
(a)	Future negotiations should be informed by research that takes into account increase on production costs.					
(b)	Any future increase in salary / wages should be negotiated and rationally agreed upon by unions, employers and the government.					
(c)	Concerted efforts by all partners will increase productivity for the benefit of all.					
(d)	Optimization on delocalization of production to developing countries to increase job opportunities.					
(e)	Having a shared sense of temporary crisis during deteriorating economic conditions.					
(f)	Partners agreeing and implementing collectively a national recovery programme like freeze of salary review during hard economic times.					

Please add any other strategy which partners may implement during hard economic times.....

**D. RELATIONSHIP BETWEEN THE SOCIAL PARTNERS**

1. The following statements describe equality in representation of employers, trade unions and the government during consultation:

	Position Choices	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
(a)	There has been substantial equal representation on respective interests of the parties.					
(b)	All the parties' views have always been given equal weight.					
(c)	The government has a unique position compared to employers and trade unions.					
(d)	Numerical equality has been achieved in representation by parties.					
(e)	Employers and trade unions have always freely chosen their representatives on any boards or committees.					
(f)	Employers, trade unions and the government have recognized their co-existence while promoting their different views.					
(g)	Despite their inevitable differences, employers, trade unions and the government have found areas of common agreement for their advantage and that of the society.					
(h)	The government has endeavored to satisfy the interests of employers and trade unions.					

Please add any other way(s) in which they have been represented.....  
 .....  
 .....

2. The government exercises power over employers and trade unions in the following ways:

	Position	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Choices						
(a)	Registration of trade unions and employers' associations.					
(b)	Suspension of trade unions and employers associations.					
(c)	De-registration of trade unions and employers associations.					
(d)	Adjudication of trade disputes between aggrieved parties.					
(e)	Changes trade union and management relationship dramatically by simplifying procedures for settlement of grievances.					
(f)	Government has always consulted trade unions and employers before announcing any decision.					

Please add any other way (s) in which the government has exercised power over employers and trade unions.....  
 .....

3. The following benefits accrue out of the employers, trade union and the government participating on an equal footing:

	Position	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Choices						
(a)	Reconciliation of interests of employees, employers and the government.					
(b)	Containment of social tensions, conflict and strikes.					
(c)	Trade unions', employers' and government's views are reflected in policies and adopted law					



(d)	Ownership and easy implementation of policies and enacted law.					
(e)	Economic stability and growth.					
(f)	Social and political stability and growth.					
(g)	Increased performance of the organization.					

Please add any other benefit experienced due to the three parties participating as equals.....  
.....

4. The following statements describe the existing relationship between trade unions, employers and the government:

	Position	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Choices						
(a)	There has been confrontational relationship of a low trust kind.					
(b)	Management makes decisions about organizational change and unions respond to them if employees are negatively affected.					
(c)	During negotiations the tougher and more aggressive negotiator wins and conciliatory one loses.					
(d)	Confrontational approach by trade union is the tried and tested method for resolving certain types of disputes like pay.					
(e)	Management and trade unions have agreed to work together for mutual advantage.					
(f)	The parties have worked together for mutual settlement of their differences in spirit of cooperation and goodwill.					
(g)	Trade unions and employers have been involved in strategy formulation and implementation.					

Please add any other way in which employers, trade unions and the government have related.....  
 .....

**E. TRIPARTITE CONSULTATION**

1. Consultation between trade unions, employers and the government has led to the following benefits:

	Position	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
	Choices					
(a)	Promotion of mutual understanding and good relations.					
(b)	It leads to arrival to the fullest extent at agreed solutions.					
(c)	Helps gather views and advice of employers and workers' representatives in preparation and implementation of labour laws.					
(d)	Helps in establishment and functioning of national bodies responsible for employment.					
(e)	Participation in elaboration and implementation of plans of economic and social development.					
(f)	It has given voice to all parties.					
(g)	Has prevented labour disputes from becoming uncontrollable.					
(h)	It has improved conditions of work in regard to health, time and advancement at work.					
(i)	Has controlled social unrest which arise from poor working conditions.					
(j)	Has led to lasting peace in organizations based on social justice.					

Please add any other benefit.....  
 .....

2. The trade unions, employers and the government have jointly consulted in the following areas:

	Position	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Choices						
(a)	Consultation in policy formulation.					
(b)	Decision making on policy.					
(c)	Consultation in fixation of minimum wages.					
(d)	Collective supervision of implementation of employment policy.					
(e)	Consultation during negotiation of collective bargaining agreements.					
(f)	Effective consultation in ending strikes.					
(g)	Review of labour laws.					
(h)	Equal participation in established committees.					

Please add any other area(s) where the three have consulted.....  
 .....

**F. PERFORMANCE OF STATE CORPORATIONS**

1. Consultation between employers, trade union and the government has affected the performance of our organization in the following ways:

	Position	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Choices						
(a)	The organization have become more productive.					
(b)	Organization have improved quality services.					

(c)	Staff have become better motivated.					
(d)	Staff have become more committed.					
(e)	Lower absenteeism have been recorded.					
(f)	Staff have remained working with the organization.					
(g)	The performance of the organization has improved greatly.					

Kindly explain how consultation between union, management and the government has influenced performance in your organization.....  
 .....  
 .....

2. The following partnership practices between our organization, the trade union and government have enhanced the performance of our organization:

	Position Choices	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
(a)	There have been fair financial rewards on employees.					
(b)	Employees have been trained by the organization.					
(c)	The interests of the management and those of employees have been equally taken care.					
(d)	The union has been friendly to the management which has improved performance.					
(e)	There has been a drive for commitment of employees making them to exert themselves more on behalf of the organization.					

Please add any other practice which has enhanced performance.....  
 .....  
 .....

***Thank you.***

## **ANNEX II**

### **INTERVIEW SCHEDULE**

#### **HUMAN RESOURCE MANAGERS**

1. What is the role of Human Resource Managers in tripartite consultation?
2. What challenges has the Ministry faced in Performance of its roles?
3. Is the Tripartite Consultation system followed by state corporations?
4. Has the consultation system influenced performance of state corporations?
5. What challenges have been faced in implementing the system?
6. What kind of relationships have existed between social partners?
7. Have the relationships influenced performance of organisations?
8. What forms of economic change have state corporations experienced and how have they influenced performance?

## **ANNEX III**

### **INTERVIEW SCHEDULE**

#### **TRADE UNION OFFICIALS**

1. What is the role of Trade Union Officials in tripartite consultation?
2. What challenges has the Ministry faced in Performance of its roles?
3. Is the Tripartite Consultation system followed by state corporations?
4. Has the consultation system influenced performance of state corporations?
5. What challenges have been faced in implementing the system?
6. What kind of relationships have existed between social partners?
7. Have the relationships influenced performance of organizations?
8. What forms of economic change have state corporations experienced and how have they influenced performance?

## **ANNEX IV**

### **INTERVIEW SCHEDULE**

#### **FKE / COTU OFFICIALS**

1. What is the role of FKE/ COTU officials in tripartite consultation?
2. What challenges has the Ministry faced in Performance of its roles?
3. Is the Tripartite Consultation system followed by state corporations?
4. Has the consultation system influenced performance of state corporations?
5. What challenges have been faced in implementing the system?
6. What kind of relationships have existed between social partners?
7. Have the relationships influenced performance of organizations?
8. What forms of economic change have state corporations experienced and how have they influenced performance?

## **ANNEX V**

### **INTERVIEW GUIDE**

#### **MINISTRY OF LABOUR**

1. What is the role of Ministry of Labour in tripartite consultation?
2. What challenges has the Ministry faced in Performance of its roles?
3. Is the Tripartite Consultation system followed by state corporations?
4. Has the consultation system influenced performance of state corporations?
5. What challenges have been faced in implementing the system?
6. What kind of relationships has existed between social partners?
7. Have the relationships influenced performance of organizations?
8. What forms of economic change have state corporations experienced and how have they influenced performance?



## ANNEX VI

### MEASUREMENTS OF THE STUDY VARIABLES.

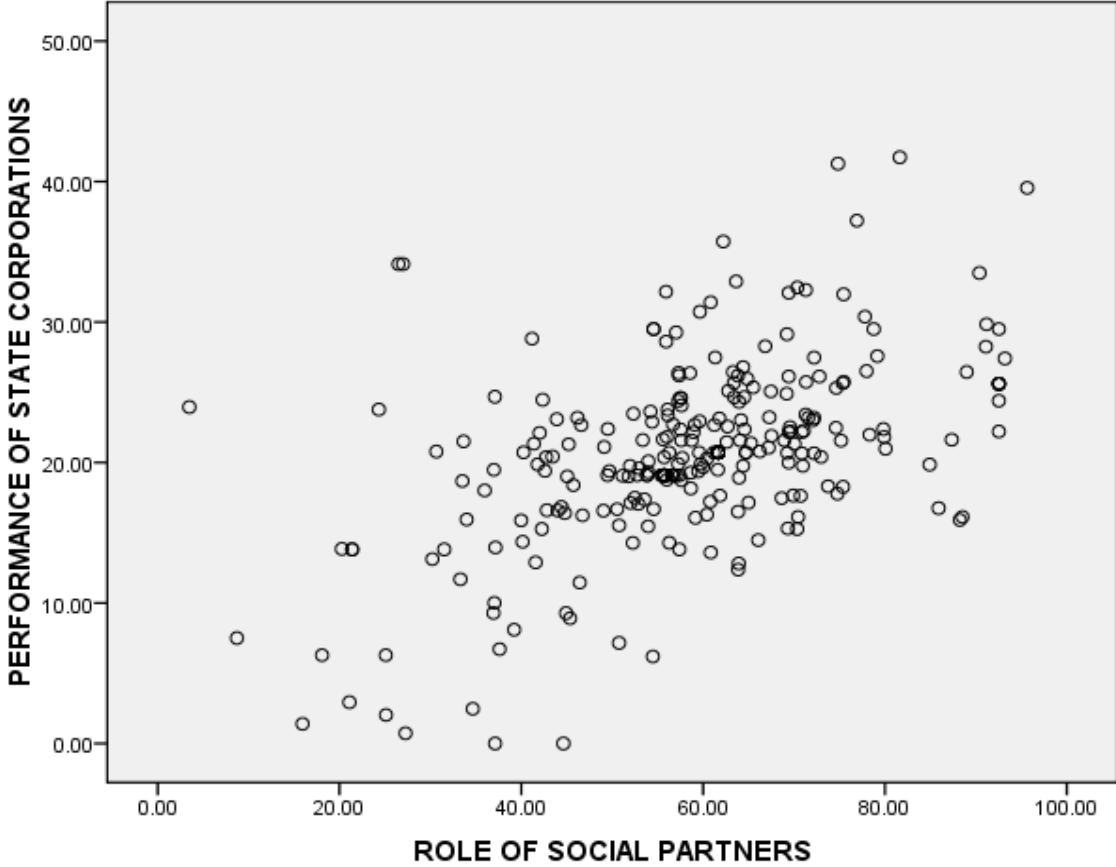
No.	Variable	Measurement	Test
(i)	Role of social partners	<ul style="list-style-type: none"> <li>- Role of employers</li> <li>- Role of trade unions</li> <li>- Role of government</li> </ul>	t-test
(ii)	Tripartite consultation system	<ul style="list-style-type: none"> <li>- Prescribed steps in the consultation</li> <li>- Adherence to the procedure</li> <li>- Conciliation</li> <li>- Arbitration</li> <li>- Adjudication</li> <li>- Strike causes</li> </ul>	t-test
(iii)	Economic change	<ul style="list-style-type: none"> <li>- Globalization effects</li> <li>- Privatization effects</li> <li>- Effects of inflation</li> <li>- Strategies to cope with the changes</li> </ul>	t-test
(iv)	Relationship between social partners	<ul style="list-style-type: none"> <li>- Equity of partners</li> <li>- Special position of the government</li> <li>- Weakness of unions</li> <li>- Adversarial</li> <li>- Partnership</li> <li>- Power sharing</li> <li>- Consultation</li> <li>- Mutuality</li> </ul>	t-test
(v)	Tripartite Consultation	<ul style="list-style-type: none"> <li>- Benefits of tripartite consultation</li> <li>- Prescribed areas for consultation</li> <li>- Challenges of tripartite consultation</li> </ul>	t-test, F-test
(vi)	Performance of state Corporations	<ul style="list-style-type: none"> <li>- Productivity</li> <li>- Quality improvement</li> <li>- Motivated staff</li> <li>- Committed staff</li> <li>- Low absenteeism</li> <li>- High staff retention</li> <li>- Improved performance</li> </ul>	Normal test

## ANNEX VII

### THRESHOLDS OF THE ROLE OF EMPLOYERS AND TRADE UNIONS

Role of Employers	Thresholds	Role of Trade Unions	Thresholds
Negotiates	.736	Improved organizational performance	.687
Signs collective agreement	.721	Engages in collective bargaining	.650
Recognizes trade union	.695	Acts as medium of workers	.617
Adequate settlement of grievances	.684	Maintains high membership	.566
Participate in union activities	.648	Discourages breach of peace by	
Settlement of agreement	.634	members	.540
Contributes to performance	.611	Safeguards against exploitation	.533
Allows employees right to enroll	.606	Improves working conditions	.517
Influences policy	.599	Secures fairer wages	.487
Rights to bargain collectively	.598	Resists retrenchment	.481
Seeks to end strikes	.543	Establishment of better working facilities	.462
Addresses employees' personal		Seeks to end strikes	.462
problems	.536	Discourage unions activities during	
Informs content of the IR Charter	.140	working hours	.462
Publicity of IR Charter	.106	Discourages breach of peace	.443
		Discourages negligence of duty	.391
		Assures share of profits	.33
		Displays IR Charter	.106

ANNEX VIII



Scatter Plot of Role of Social Partners Versus Performance of State Corporations

## ANNEX IX

### SPLINTER UNIONS IN KENYA

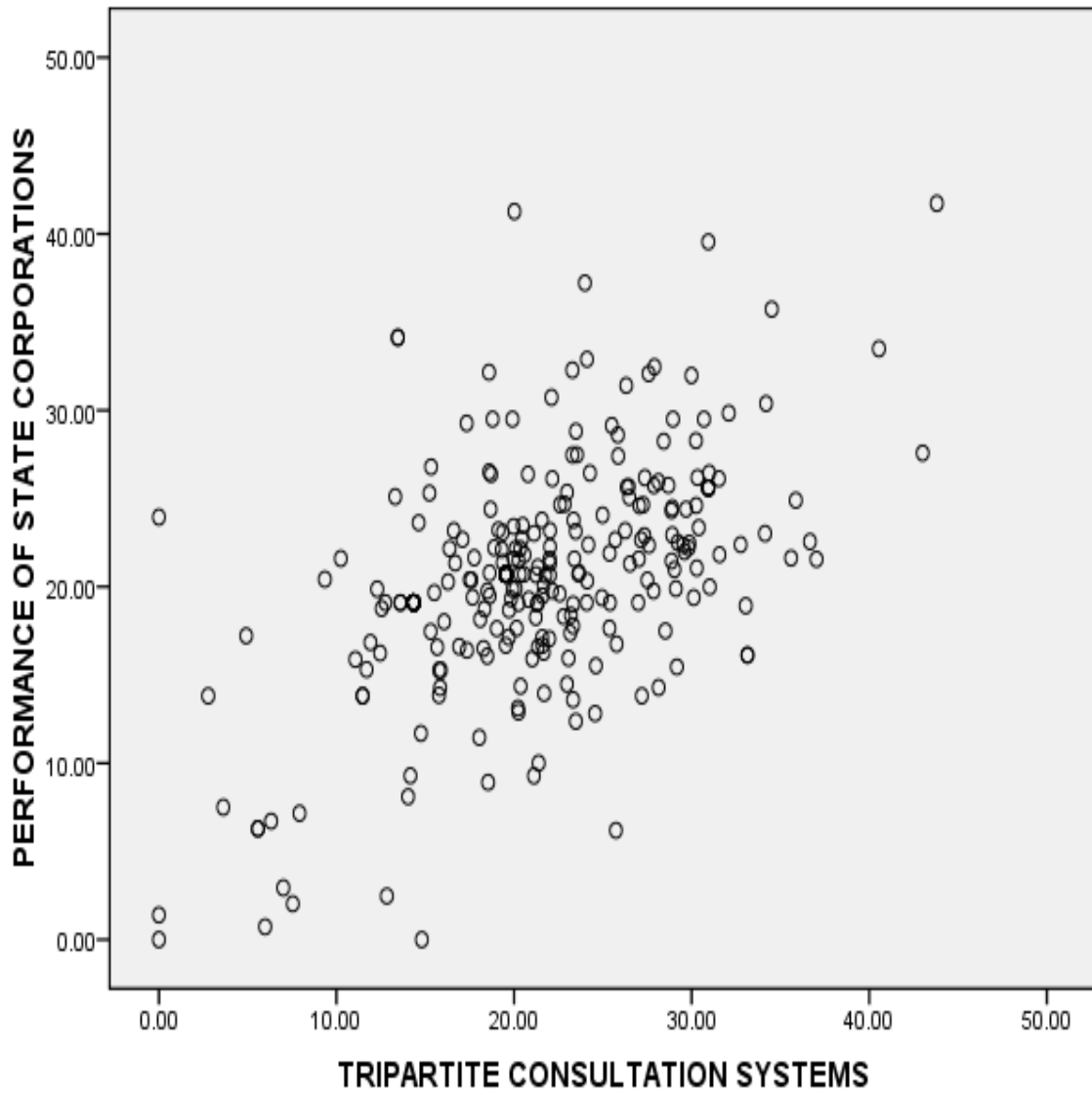
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<b>Mother Union</b>	<b>Splinter Union</b>
Kenya Union of Domestic, Hotels, Educational Institutions, Hospitals and Allied Workers	Bakery, Confectionery, Manufacturing and Allied Workers Unions (K)
Amalgamated Union of Kenya Metal Workers	Kenya Electrical Trades and Allied Workers Union
Kenya Union of Commercial, Food and Allied Workers	Banking Insurance and Finance Union (Kenya)
Kenya Union of Commercial, Food and Allied Workers	Kenya Shipping, Clearing and Warehouses Workers Union
Kenya Scientific, Research, International, Technical and Allied Institutional Workers Union	Union of National Research and Allied Institutes Staff of Kenya
Kenya National Union of Teachers	Kenya Union of Post-Primary Teachers
Kenya Union of Commercial, Food and Allied Workers	Kenya National Private Security Workers Union
Kenya Union of Domestic, Hotels, Educational Institutions, Hospitals and Allied Workers	Kenya Hotels and Allied Workers Union
Transport and Allied Workers Union (K)	Aviation and Airport Services Workers Union
Transport and Allied Workers Union	Kenya Long Distance Truck Drivers Union
Kenya National Union of Teachers	Kenya Union of Special Needs Education Teachers
Kenya Shipping, Clearing and Warehouses Workers Union	Kenya Union of Export and Import Workers
Railway and Allied Workers Union	Rift valley Railway Workers Union

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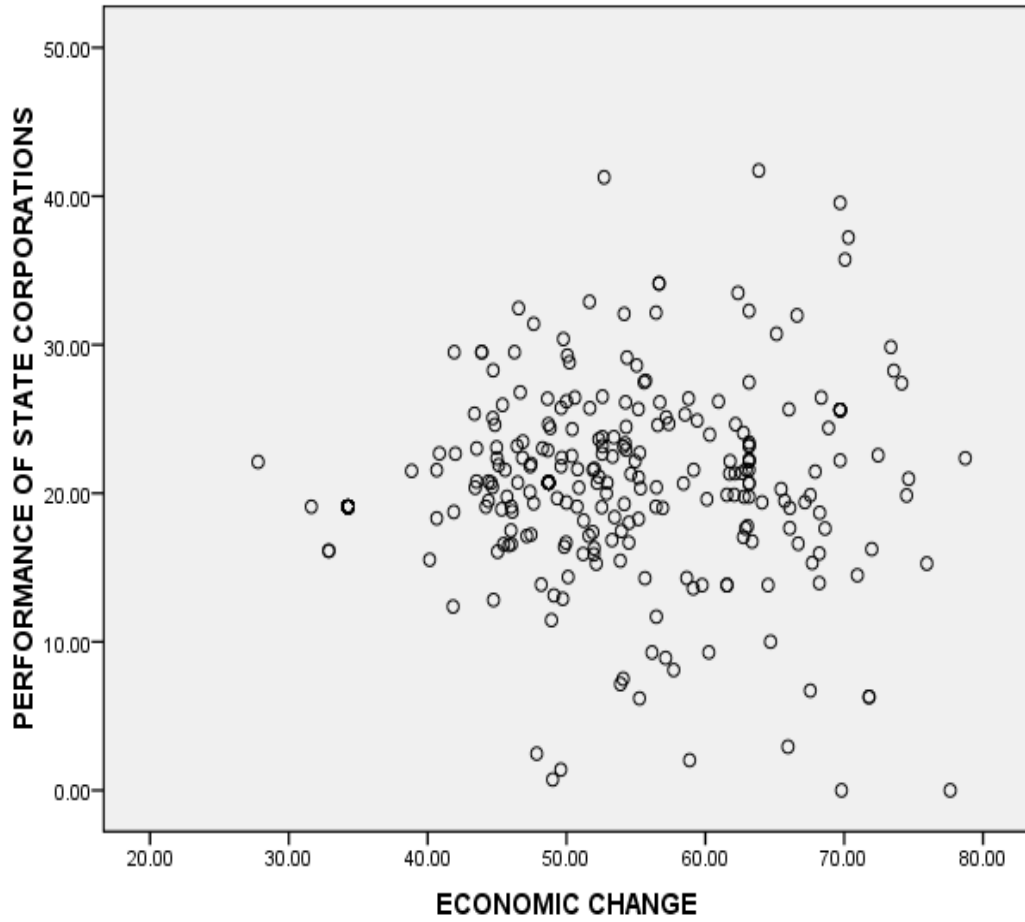
**Source:** Trade Unions' Register

**ANNEX X**



**Scatter Plot for Tripartite Consultation System Versus Performance of State Corporations**

**ANNEX XI**



**Scatter Plot for Economic Change Versus Performance of State Corporations**

## ANNEX XII

### NAMES OF REGISTERED TRADE UNIONS AND THEIR POSTAL ADDRESSES

1. TU/6  
Kenya Union of Printing, Publishing, Paper manufacturers and Allied Workers,  
P.O Box 72358, **NAIROBI.**
2. TU/11  
Transport and Allied Workers Union,  
P.O Box 45171, **NAIROBI.**
3. TU/12  
Tailors and Textiles Workers Union,  
P.O Box 72076, **NAIROBI.**
4. TU/18  
Kenya Union of Domestic, Hotels, Educational Institutions,  
Hospitals and Allied Workers,  
P.O Box 41763, **NAIROBI.**
5. TU/23  
Kenya Building, Construction, Timber, Furniture and  
Allied Industrial Employees Union,  
P.O Box 49628, **NAIROBI.**
6. TU/26  
Kenya Local Government Workers Union,  
P.O Box 55827, **NAIROBI.**
7. TU/27  
Railways and Allied Workers Union,  
P.O Box 72029, **NAIROBI.**
8. TU/30  
Dockworkers Union,  
P.O Box 98207, **NAIROBI.**
9. TU/42  
Communications Workers Union of Kenya,  
P.O Box 48155, **NAIROBI.**
10. TU/46  
Kenya Petroleum Oil Workers Union,  
P.O Box 10376, **NAIROBI.**
11. TU/55  
Kenya Chemical and Allied Workers Union,  
P.O Box 73820, **NAIROBI.**

12. TU/56  
Seafarers Union of Kenya,  
P.O Box 86227, **MOMBASA.**
13. TU/63  
Kenya national Union of Teachers,  
P.O Box 30407, **NAIROBI.**
14. TU/66  
Kenya Engineering Workers Union,  
P.O Box 73987, **NAIROBI.**
15. TU/76  
Kenya Shoe and Leather Workers Union,  
P.O Box 49629, **NAIROBI.**
16. TU/78  
Kenya Union of Sugar Plantation Workers,  
P.O Box 19019, **NAIROBI.**
17. TU/84  
Kenya Quarry & Mine Workers Union,  
P.O Box 48125, **NAIROBI.**
18. TU/94  
Kenya Union of Journalists,  
P.O Box 47035, **NAIROBI.**
19. TU/99  
Kenya Game Hunting & Safari Workers' Union,  
P.O Box 47509, **NAIROBI.**
20. TU/100  
Kenya Plantation and Agricultural Workers Union,  
P.O Box 1161, **NAKURU.**
21. TU/108  
Kenya Union of Entertainment and Music Industry Employees,  
P.O Box 8305 - 00200, **NAIROBI.**
22. TU/111  
Kenya Union of Commercial, Food and Allied Workers,  
P.O Box 46818, **NAIROBI.**
23. TU/113  
Central Organization of Trade Unions (K),  
P.O Box 13000, **NAIROBI.**



24. TU/120  
Kenya Airline Pilots Association,  
P.O Box 20812, **NAIROBI.**
25. TU/124  
Amalgated Union of Kenya Metal Workers,  
P.O Box 73651, **NAIROBI.**
26. TU/126  
Kenya Jockey and Betting Workers Union,  
P.O Box 55094, **NAIROBI.**
27. TU/127  
Kenya Scientific Research, International, Technical and  
Allied Institutions Workers Union,  
P.O Box 72358, **NAIROBI.**
28. TU/128  
Bakery, Confectionery, Manufacturing and Allied Workers Union (K),  
P.O Box 57751, **NAIROBI.**
29. TU/129  
Kenya Union of Employees of voluntary and Charitable Organizations,  
P.O Box 28823, **NAIROBI.**
30. TU/130  
Kenya Electrical Trades and Allied Workers Union,  
P.O Box 47460, **NAIROBI.**
31. TU/131  
Banking, Insurance and Finance Union (Kenya),  
P.O Box 42748, **NAIROBI.**
32. TU/132  
Kenya Shipping, Clearing and Warehouses Workers Union,  
P.O Box 84067, **NAIROBI.**
33. TU/135  
Union of National Research and Allied Institutes Staff of Kenya,  
P.O Box 27723, **NAIROBI.**
34. TU/136  
Kenya Union of Post- Primary Teachers,  
P.O Box 30412 - 00100, **NAIROBI.**
35. TU/137  
Kenya National Private Security Workers Union,  
P.O Box 11732 - 00400, **NAIROBI.**

36. TU/138  
Kenya Hotels and Allied Workers Union,  
P.O Box 20398 - 00200, **NAIROBI.**
37. TU/139  
Kenya National Sugarcane Growers Union,  
P.O Box 6430, **KISUMU.**
38. TU/141  
Union of Kenya Civil Servants,  
P.O Box 48083, **NAIROBI.**
39. TU/142  
Kenya National Union of Private Schools Teachers,  
P.O Box 2115 - 20100, **NAKURU.**
40. TU/143  
Universities Academic Staff Union,  
P.O Box 30198, **NAIROBI.**
41. TU/144  
Kenya National Union of Service Employees,  
P.O Box 7120 - 00300, **NAIROBI.**
42. TU/145  
Aviation and Airport Services Workers Union,  
P.O Box 19254, **NAIROBI.**
43. TU/146  
Kenya Property Developers and Owners Association,  
P.O Box 5803 - 00100, **NAIROBI.**
44. TU/147  
Kenya Business Persons and Owners Association,  
P.O Box 5803 - 00100, **NAIROBI.**
45. TU/148  
Universities Non - Teaching Staff Union,  
P.O Box 30197, **NAIROBI.**
46. TU/149  
Kenya United Small Scale Tea Owners Association,  
P.O Box 8059 - 00100, **NAIROBI.**
47. TU/151  
National Union of Water and Sewerage Employees,  
P.O Box 30656 - 00100, **NAIROBI.**

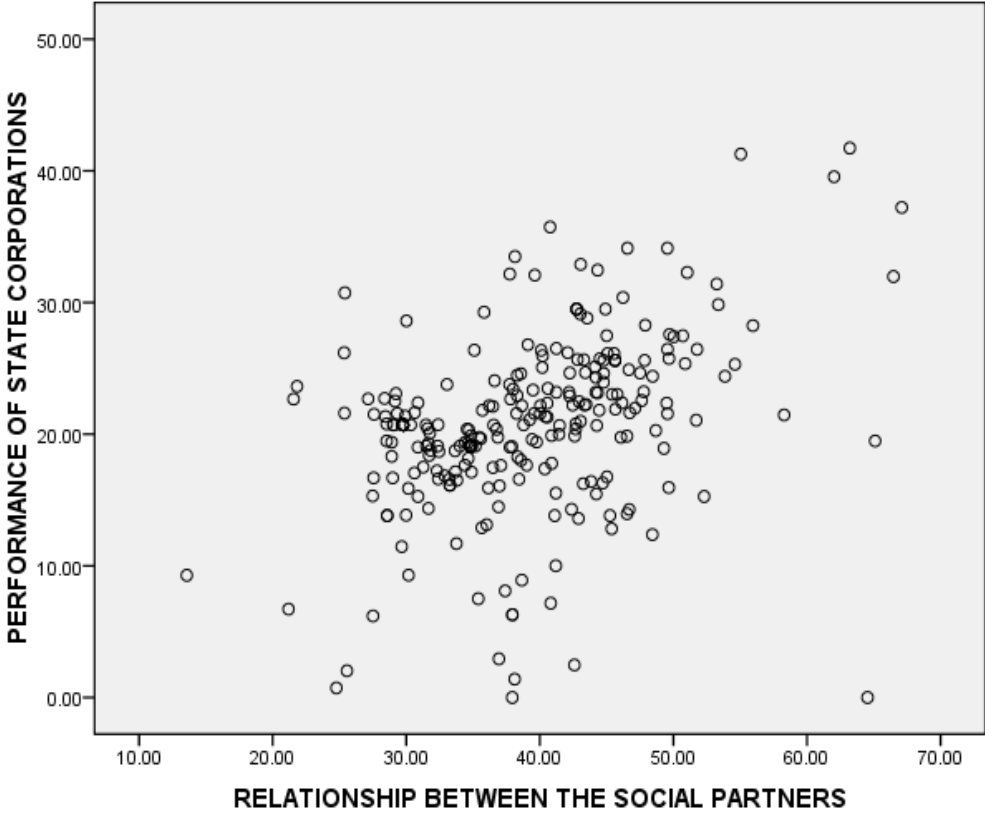
48. TU/152  
Kenya Long Distance Truck Drivers Union,  
P.O Box 21553, **NAIROBI.**
49. TU/155  
Kenya Union of Soft stone and Woodcarving Workers,  
P.O Box 61214- 00200, **NAIROBI.**
50. TU/157  
Kenya Union of Hair and Beauty Salon Workers,  
P.O Box 73620 - 00200, **NAIROBI.**
51. TU/158  
Kenya Medical Practitioners, pharmacists and Dentists Union,  
P.O Box 11541 - 00100, **NAIROBI.**
52. TU/159  
Kenya Union of Judiciary Workers,  
P.O Box 28041 - 00200, **NAIROBI.**
53. TU/160  
Kenya Union of Special Needs Education Teachers,  
P.O Box 79418 - 00200, **NAIROBI.**
54. TU/161  
Kenya Union of Export and Import Workers,  
P.O Box 103098 - 00100, **NAIROBI.**
55. TU/163  
Federation of Public Service Trade Unions of Kenya,  
P.O Box 30407 -00100, **NAIROBI.**
56. TU/164  
Kenya Union of Pre-Primary Education Teachers,  
P.O Box 28644 - 00100, **NAIROBI.**
57. TU/165  
Rift valley Railways Workers Union,  
P.O Box 351 - 00600, **NAIROBI.**
58. TU/6  
Kenya Private Universities Non- teaching Workers Union,  
P.O Box 475 - 00101, **NAIROBI.**

**NAMES OF REGISTRERED EMPLOYERS' UNIONS AND THEIR POSTAL ADDRESSES**

59. TU/14  
Kenya Association of Building & Civil Engineering Contractors,  
P.O Box 47373, **NAIROBI.**
60. TU/61  
Motor Trades & Allied Industries Employers' Association,  
P.O Box 48735, **NAIROBI.**
61. TU/69  
Distributive & Allied Traders Association,  
P.O Box 48311, **NAIROBI.**
62. TU/71  
Engineering & Allied Industries Employers' Association,  
P.O Box 48311, **NAIROBI.**
63. TU/72  
Kenya Coffee Growers (1991) Association,  
P.O Box 8100 - 00300, **NAIROBI.**
64. TU/74  
Timber Industries Employers' Association,  
P.O Box 48311, **NAIROBI.**
65. TU/83  
Sisal Growers & Employers' Association,  
P.O Box 47523, **NAIROBI.**
66. TU/93  
Kenya Bankers Association,  
P.O Box 73100 - 00200, **NAIROBI.**
67. TU/96  
The Agricultural Employers Association,  
P.O Box 1225, **NAKURU.**
68. TU/106  
Federation of Kenya Employers,  
P.O Box 48311, **NAIROBI.**
70. TU/115  
Association of Local Government Employers,  
P.O Box 48311, **NAIROBI.**
71. TU/121  
Kenya Tea Growers Association,  
P.O Box 320, **KERICHO.**

72. TU/133  
Kenya Coffee Growers and Employers' Association,  
P.O Box 48311, **NAIROBI.**
73. TU/140  
Kenya Sugar Outgrowers and Employers Union,  
P.O Box 2864, **KAKAMEGA.**
74. TU/150  
Kenya Hotel Keepers and Caterers Association,  
P.O Box 9977 - 00100, **NAIROBI.**
75. TU/153  
Association of Private Schools Employers,  
P.O Box 18582 - 00100, **NAIROBI.**
76. TU/154  
Water Services Provider Association,  
P.O Box 25642, **NAIROBI.**
77. TU/156  
Kenya Coffee Producers Association,  
P.O Box 8100 - 00300, **NAIROBI.**
78. TU/162  
Kenya Association of Hospitals,  
P.O Box 30325 - 00100, **NAIROBI.**

**ANNEX XIII**



**Scatter Plot of Relationship between Social Partners Versus Performance of State Corporations**

## ANNEX XIV



**JOMO KENYATTA UNIVERSITY  
OF  
AGRICULTURE AND TECHNOLOGY**  
P.O. BOX 62000-00200 NAIROBI, KENYA. TELEPHONE: (020) – 22130

Nairobi CBD Campus

Department of Entrepreneurship and Procurement

Date: 15<sup>th</sup> May, 2012

Ref:JKU/6/EPD/05b/001

To Whom It May Concern

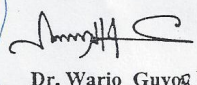
**SUBJECT: RESEARCH PROJECT FOR SUSAN NZIOKI -HD412-B01-2056/2010**

This is to introduce to you Ms. Susan Nzioki who is a student pursuing a PhD in Human Resource Management in this University. The student is currently undertaking a research thesis entitled: **Factors of Tripartite Consultation Influencing the Performance of State Corporations in Kenya**, in partial fulfillment of the requirement for the degree programme.

The purpose of this letter is to request you to give the student the necessary support and assistance to enable him/her obtain necessary data for the project. Please note that the information given is purely for academic purpose and will be treated with strict confidence.

Thank you

Yours faithfully,

  
**Associate Chairman**  
**Dr. Wario Guyo**  
**ASSOCIATE CHAIRMAN, EPD**  
**EPD NAIROBI CBD CAMPUS**



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