



Wednesday, July 29, 2020

PRESS STATEMENT

THE FEDERATION OF KENYA EMPLOYERS USHERS IN NEW LEADERSHIP

Members of FKE

Members of the Fourth Estate,

Members of the Public,

The Federation of Kenya Employers (FKE), today **29th July 2020** held its **61st Annual General Meeting (AGM)** via electronic means where employers across the country were represented. The theme of the AGM was "Path to Recovery: Building Sustainable Enterprises of the Future." Arising from this meeting we would like to address the following issues; -

1. THE FEDERATION OF KENYA EMPLOYERS USHERS IN NEW LEADERSHIP

In line with the Federation's Constitution, members elected Dr. Habil Olaka, the Chief Executive Officer, Kenya Bankers Association as the National President of the Federation of Kenya Employers. He was previously the 1st National Vice President of FKE. Mr. Olaka sits on the Board of FKE representing the banking Industry. He has extensive experience in Finance management and Strategic leadership having served in various capacities in the Financial Sector locally and in the region.

We are also pleased to announce that, Ms. Gilda Odera, Managing Director, All About Marketing and Mr. Mike Macharia, Chief Executive Officer, Kenya Association of Hotel Keepers and Caterers were elected the first and second National Vice President respectively.

This change in leadership comes at a very challenging time when the country and the whole world is fighting the outbreak of the Covid-19 pandemic. The members are confident that the reconstituted Management Board under the able leadership of Dr. Olaka will steer the Federation to the next level and help the employers and the country enhance enterprise survival and save jobs during this pandemic period and beyond.

We are grateful to Mr. Mark Obuya who has ably led FKE for the last four years and will continue serving on the Board as the Immediate Past National President.

2. EMPLOYERS CONCERNS

(i) The harsh impact of COVID-19 on enterprises and people's livelihoods

The Federation wishes to express concern about the continued sorry state of our enterprises. Enterprises are undergoing distress of unprecedented proportions arising from the economic and social impact of the pandemic. For example, in the last few months 47 member companies of the Federation have been forced to reduce their staff numbers as they were unable to afford paying wages of 1,118 staff. This state of affairs is supported by a survey conducted by the Kenya National Bureau of Statistics (KNBS) in June 2020 which indicates that Covid-19 pandemic has resulted into 48% of working population working less hours and 61.9% of absent from work cases. In addition, 77.8% of those not in work because of Covid-19 are not sure when they will return to work.

The Federation of Kenya Employers also takes note of the adverse impact the Covid-19 pandemic has had on the World of Work globally which has completely shifted the business and resulted into job losses. ILO estimates that the world lost 5.4% of working hours (equivalent to 155 million fulltime jobs) in first half of 2020 and the loss is projected to reach 14.0% (equivalent to 400 million fulltime jobs) in the second half of 2020.

As the numbers of infected cases continues to rise, we must all brace ourselves for tougher times ahead. We call upon employees and their representatives to be very considerate and willing to compromise in finding solutions that will help all of us sail through this pandemic. In this regard, parties should adhere to the Memorandum of Understanding entered into by the Social Partners in good faith. Globally, it has been recognized that a paradigm shift is urgently needed in Industrial relations. In this “new normal”, there is need for reskilling for enterprise survival in the changing landscape. In addition, we have to embrace automation to improve productivity

Further, FKE would like to the echo employers’ concerns with regards to the high cost of Covid-19 tests especially for those in the service industry who have to conduct tests on employees and, in some instances, retest due to the evolving nature of the virus. The Federation requests the Government to provide for covid-19 testing for sectors where it is mandatory for workers/operators to test like hospitality, and transport sector among others.

(ii) FKE Role in enhancing safety and health

Employers continue to take heed of the Government’s call for proactive measures to minimize the risk of infection, spread of the disease and enhance safe working environments. We recognize that the greatest responsibility in minimizing the spread and

reducing fatalities rests on each individual's strict compliance to the safety measures. We therefore urge every citizen to conscientiously and vigilantly stay safe, at all times.

(iii) DOSH Post Covid-19 Return to Work Advisory

The Directorate of OSH on 29th June 2020 issued an advisory highlighting return to work requirements. The advisory captured various proposals and measures FKE had outlined in the Memorandum of Understanding. However, we have noted the following gaps and issues in the advisory for consideration and review:

- The guidelines did not cover the workplaces that did not close their operations and therefore causes a confusion on whether the employers who continued operating are also bound by the said requirements.
- The requirement on employers putting in place arrangements and guidelines to enable staff who are not sick or ill but need to be absent to care for others, especially family is beyond employers. The employees can utilize the already available mechanism in leave days and the employer should not be stretched beyond what she can deal with.
- In addition, the burden of ensuring insurance schemes provide for Covid-19 should not be placed upon the employers but rather it should be upon the Insurance Regulatory Authority (IRA). We call upon the IRA to engage insurance companies and agree to extend the cover to Covid-19.
- The Federation wishes to state categorically that Covid-19 is not an occupational disease and it should not directly or indirectly be referred to as such. All parties should realize that we are dealing with a pandemic that requires our concerted efforts to overcome. We are therefore opposed to any reference to Covid-19 as an occupationally acquired disease.
- Lastly, the requirement that employers guarantee the safety and health of workers aged 60 and above and those with pre-existing conditions is not feasible as employers do not control the lifestyles of these workers.

(iv) Complaints received over delayed Data Capturing of Employee NHIF

The delay in capturing the remittances of statutory contributions has a ripple effect in delaying the provision of emergency health care services needed particularly at this time and is causing unnecessary risks and embarrassment. Noting that employers have committed to meet their obligations in a timely manner, we call upon the National Hospital and Insurance Fund and other public sector bodies that receive statutory contributions to expedite updates on employer records to ensure that deserving employees receive the much-needed services across the country promptly.

3. PATH TO RECOVERY

(i) Kenya needs to rethink its growth direction if it has to realize Vision 2030 targets

The growth being experienced in the country where the economic activities are moving from Agriculture to services does not create wealth and decent jobs for the country. What we need is a structural transformation growth where the economic activity moves from low value agriculture to high value addition economic activities such manufacturing and processing. Service jobs are more at risk when we have a pandemic like Covid-19 and are more likely to be highly informal and low value jobs.

Despite relying on Agriculture and services, Kenya is not able to create formal jobs and the informal jobs created do not create wealth for the Country. The disruption in the global supply chain should enable us to reposition the country as a manufacturing hub. Unlike in the pre-covid-19 era where the supply chain was global, in the post covid-19 it is likely to be regional. Let us position Kenya to be

the manufacturing hub not only of East and central Africa, but of the whole continent.

Furthermore, on the demand side the disruption attests to the fact that we need to be driven by investment and not household consumption. Consequently, Covid19 creates opportunities for innovation, reskilling of our labour force and restructuring the growth of the economy from being heavily service oriented to being industry driven.

Lastly, I want to call upon the politicians to continue engaging one on issues affecting our political development. As the Federation we continue to maintain that dialogue is key in resolving any political disagreements on issues including the current revenue allocation formula and our political direction as we move to the future. Kenya is held very high among the nations of the world. This has been witnessed in the overwhelming support given to CS Amb. Amina Mohamed our candidate for the post of World Trade Organisation director-general. We should each play our part to ensure that Kenya's flag continues to fly high. May God bless you all and Bless Kenya.

Jacqueline Mugo, EBS

Executive Director/CEO

FEDERATION OF KENYA EMPLOYERS

