
SPEECH BY MS. JACQUELINE MUGO, EBS, EXECUTIVE DIRECTOR/CEO FKE, DURING THE INTERNATIONAL LABOUR DAY CELEBRATIONS, NAIROBI, KENYA, 1st MAY 2023.

- **Your Excellency Dr. William Ruto, the President, and Commander in Chief of the Defence Forces of the Republic of Kenya**
- **Your Excellency Rachael Ruto, the First Lady of the Republic of Kenya**
- **Your excellencies, the ambassadors, and high commissioners present,**
- **The Cabinet Secretary for Labour & Social Protection, Hon. Florence Bore**
- **Hon Cabinet Secretaries present**
- **The Principal Secretary for Labour & Skills Development, Hon. Geoffrey Kaituko**
- **Principal Secretaries present**
- **Dr. Francis Atwoli, COTU(K) Secretary General,**
- **Board Members of COTU(K)**
- **The Management Board of the Federation of Kenya Employers,**

- **Fellow Employers and Workers**
- **Senior Government officials,**
- **Distinguished Guests**
- **Ladies and gentlemen**

Your Excellency, the Federation of Kenya Employers, is pleased to join you in celebrating all the hardworking workers and employers who have contributed to the growth and development of our beloved country. Workers and Employers play a critical role in the economic developments of any Country Kenya included. This is the first Labour Day under your leadership.

Fellow Kenyans

The theme of this year's celebration ' KENYAN WORKER FOR ECONOMIC GROWTH, POLITICAL STABILITY AND JOB CREATION' resonates well with the current economic situation. As we celebrate the International Labour Day, let's take a moment to reflect on the journey we have travelled as Social Partner's, the current state of affairs and the aspirations that we are yet to realize.

Your Excellency, The labour sector has faced several challenges in the last year. Households are struggling to put food on the table and enterprises are struggling to remain in operation. The cause of this sorry state of affairs is well documented. We have experienced severe weather conditions for a long time coupled with the global challenges that have had a direct impact on our economy including the war in Ukraine.

These global developments have caused disruptions in the global supply chains. Local businesses either cannot access the overseas market. Where that has been achieved, businesses have had to incur enormous costs.

Your Excellency, employers believe that these challenges can be tackled to reduce the cost of running businesses which eventually will create jobs for the unemployed youth.

The steps to address some of these challenges include looking at the regulatory environment which employers feel is heavy. We believe that we can work together in the formulation of these regulatory regimes from inception so as to assess the cost implications and propose viable mode of raising revenue to fund some of the noble causes that your government has initiated.

Your Excellency, the aspirations and goals expressed in the Bottom-Up transformation Plan and Vision 2030 are noble. We hope and trust that Government will increasingly provide an environment conducive to growing enterprise growth and job creation.

The number of existing jobs sustained, the number of new jobs created, and the quality of jobs in the country should be at the center of public policy decisions and actions. Each Ministry and leaders of different arms of governments both at National and County levels should be held accountable for this. How do the policy actions or inactions help secure jobs, unleash creation of adequate new jobs, and improve the quality of jobs our people have ought to be a key area of focus.

Your Excellency

The employers have five key policy proposals that we are humbly requesting your Government to consider towards addressing the massive unemployment and underemployment situation in the country. I would like to highlight priority issues that employers plead with your government to address:

1. Firstly-Job Creation & Productivity

Your Excellency

Job Creation

Kenya continues to witness a shrink in the formal wage employment opportunities as only 333,502 jobs were created in Q4 of 2022, a decline from 444,046 jobs created in Q3 as reported in the KNBS labour force survey.

Many businesses especially the MSMEs cannot afford the costs associated with operating in the formal employment sector. This has led to the growth in the number of unemployed Kenyans as many Employers struggle to manage their costs.

The structure of our economy is such that only 15% of wage employment is in the formal sector. 84% is in the informal economy, these numbers continue to rise as many youth opt to not look for jobs after several failed attempts.

Your Excellency, we request that your agenda of jobs be at the core of the government policy. Any policy action that is detrimental to jobs both in the short-term and in the long-term, no matter how well intentioned should be avoided.

Productivity

As a nation, labour productivity is vital to our economic growth and global competitiveness. Our continuous engagement in trade partnerships with other countries significantly contributes to our economy but to remain competitive, Kenya has to address its low productivity levels.

Kenya's labour productivity remains low despite operating in a global market environment with her products competing with those from countries such as China, Japan, India and the west, among others. The country needs to focus on productivity improvement initiatives and policies to remain competitive and afford higher wages.

We call upon the Government to remove the red-tape and barriers to business competitiveness, productivity and growth to address these challenges.

2. Secondly- Enhancing Stability and predictability in the Regulatory Environment

Your Excellency

I would like to emphasize the importance of stability in the regulatory environment for businesses to thrive. We encourage the government to provide a friendly and predictable business environment as this will

enable businesses to operate, create more jobs, and contribute to the growth of our economy.

Commitment to long-term plans is critical in realizing our national development objectives. We urge the government to continue engaging the private sector in the process of development of policies and strategies for the long-term growth and development of our economy.

The employers request for at least one year lead time before new legislation that has a financial implication on businesses becomes effective. This will allow them to plan, adjust their budgets and restructure their financial flows to meet the new costs.

3. Thirdly - Wages Your Excellency

Minimum wages in Kenya are specified as part of a national wage policy and guided by the Regulation of Wages and Conditions of Employment wage guidelines Act which stipulate that wage reviews should be implemented at most once every two years with the aim of reducing poverty as well as protecting and promoting our Decent Work Agenda. Kenya's minimum wage was increased in May 2022 by 12% to

cushion Kenyans against the rising cost of living as the country struggled to recover from the ravages of Covid-19.

The current state of the economy also requires us to maintain the current wage levels to protect jobs and promote the sustainability of enterprises. I know Francis will request for an increase but the current economic situation does not allow it. Wage increase demands is part of Francis's DNA, we believe it is important to maintain stability.

We look forward to working closely with your Government to develop structures that improve productivity, resilience, and competitiveness of our enterprises.

Your Excellency In order to achieve consensus policy proposals there is need for social dialogue between employers, workers and the government. Social Dialogue is a critical pillar in the advancement of our nation. We appreciate the government's efforts towards strengthening social dialogue and recommend that the institutions of labour administration including the wages councils, national labour board and the tripartite organizations be further strengthened and supported for them to play their role effectively.

Meaningful social dialogue and engagement will help us avoid the push and pull we often see in the implementation of various legislative and policy changes touching on social protection and other reforms. Employers are open to engagement and social dialogue to find win-win solutions.

Your Excellency,

Employers believe that if we work on these key policy areas among others, our Enterprises will become more competitive and resilient to compete in the global market and take on opportunities provided by various instruments including The Africa Continental Free Trade Area Agreement, regional integration, and labour migration opportunities, among others.

CONCLUSION

As I conclude, Your Excellency, allow me to appreciate your leadership and appeal for peace in our nation. We appreciate our social partners, the Central Organization of Trade Unions, (COTU(K) and the Ministry of Labour and Social Protection for their continued collaboration.

As the famous proverb says, "He who labours diligently need never despair, for all things are accomplished by diligence and perseverance." Your Excellency, the President, FKE assures you of the employers' support and commitment to working closely with your government to address some of the outstanding issues. This will help us move towards the attainment of the aspirations contained in the Bottom-up Transformation Plan.

Happy Labour Day to you all!

Thank you and God Bless Kenya!

Jacqueline Mugo, EBS,

Executive Director/CEO

Federation of Kenya Employers (FKE)