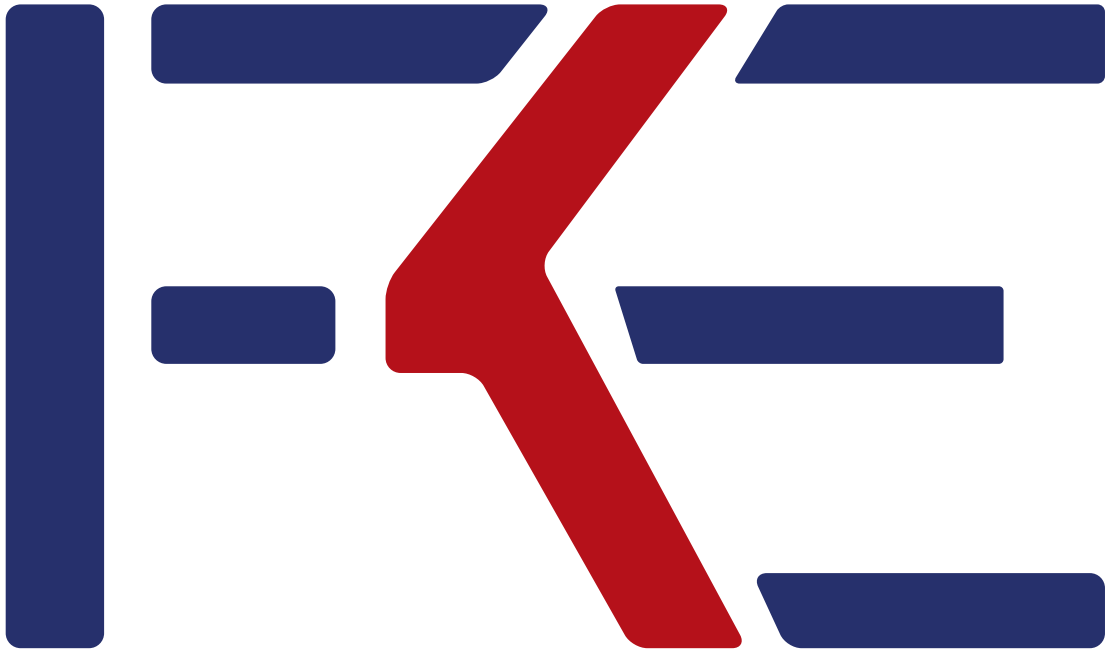


# THE EMPLOYER'S MANIFESTO

EMPLOYERS CALL FOR  
AN IMPROVED BUSINESS CLIMATE  
FOR GROWTH AND JOB CREATION  
FROM THE NEXT GOVERNMENT



### **The Federation of Kenya Employers (FKE)**

**Offers** support that is credible and well connected,

**Provides** your business with expertise in all aspect of industrial relations,

**Knows** the rights of the Employer and their employees – for the protection of Employer's Interests

**FKE sets the standard for best practices Employment, Industrial Relations and Management.**

## **FKE MISSION STATEMENT**

### **VISION**

To be the preferred centre of excellence in industrial relations services, management practices and advocacy of employers' interests.

### **MISSION**

To promote an enabling business environment and sound industrial relations in Kenya through effective representation, advocacy and provision of value-added services that strengthens the ability of employers to attain competitiveness.

### **MANDATE**

To pursue and represent the employers interest in the country's social and employment agenda through:

- Policy advocacy
- Promotion of fair labour practices
- Mobilization of employers and other stakeholders in the pursuit of the social agenda.
- Building and strengthening the capacity of employers to effectively exploit the opportunities.

### **OBJECTIVES**

- To act as a forum for Employers
- To promote and defend interests of Employers
- To promote good management practises
- To collaborate with Employers, intergovernmental and other business organizations
- To develop a sustainable institutional capacity and competence

### **CORE VALUES**

- Uphold the principal of tripartism in the promotion of social policy.
- Maintain confidentiality in its dealings with members.
- Promote the principles of diversity, transparency and integrity.
- Maintain good governance and a national character in representation of its organs and staffing.
- Practice professionalism in its service.

Good leadership, sound industrial relations, macroeconomic stability, effective human resource, and infrastructure development are crucial to enterprise sustainability, growth, and therefore the country's development.

Employers look to government for creation of an enabling business environment to attract investment and bring the economy to full recovery.

Employers are committed to playing their role of wealth and employment creation.

The expectation of the employers is that the next government will remain committed to comprehensive implementation of Vision 2030 and that the employers will continue to play a crucial role in the planning and implementation of policies and strategies.



*Picture of the Konza city; Kenya's city vision 2030*

## 1. INTRODUCTION

Kenya aspires to acquire a globally competitive middle-income country status offering high quality of life by the year 2030. Attainment of this aspiration is hinged on the country's ability to achieve rapid and sustainable economic growth and competitiveness through enterprise growth and sustainability. A country's competitiveness is determined by the productivity with which it uses human, capital, and natural resources. Improvement in productivity is a major influence on many social and economic phenomena such as rapid economic growth, higher standards of living, improvements in a nation's balance of payments position and inflation control. These changes in turn influence wage levels, cost price relationships, capital investment needs and employment.

Kenya is faced with low productivity levels with a total factor productivity index of less than one. This is as a result of the country's low labour and capital productivity indices estimated at 0.84 and 0.46, respectively. This level of productivity is far below the benchmark of at least 5 for global competitiveness. The low capital productivity index for the country implies non attainment of overall equipment efficiency of installed machinery and equipment. Use of obsolete machinery coupled with mis-match between skills possessed by workers and those required by industry, and low adoption of modern technology explain the country's inability to attain desirable levels of overall equipment efficiency. Kenya's low labour productivity is also attributable to poor work attitudes and ethics, non-conducive working environment, low adoption of productivity enhancing practices, and poor labour-management partnerships.

Kenya's ranking on global competitiveness stood at 106 out of 139 in 2011, which is lower than countries such as Mauritius (23) South Africa (35), Tunisia (46), Botswana (54), Ghana (63), Namibia (78) Morocco (94). Within East Africa, Kenya is marginally ahead of Uganda (123), Tanzania (127) and Burundi (169) while it lags far behind the South East Asian countries that it aspires to benchmark herself with. The global competitiveness is based on a set of regulations affecting nine stages of a business's life, namely: starting a business; dealing with construction permits; registering property; getting credit; protecting investors; paying taxes; trading across borders; enforcing contracts; and closing a business. Comparative figures presented in Table 1 reveal that investors are subjected to high taxes and slow enforcement of contracts. Kenyan firms pay almost half of their profits as taxes. This high tax rate encourages tax evasion as well as a spawning informal sector. Further, investors spend 363 hours per year in preparing, filing, and paying taxes. Kenyans spend 363 in paying taxes. This is more than four times the time spent by firms in Singapore in paying taxes.

According to the Investment Climate Assessment report, for firms in the top 75th percentile of labour productivity and employment, corruption remains a key constraints, costing Kenyan firms a conservatively estimated 4 percent of sales. With regard to infrastructural development, the roads have largely remained dilapidated and poorly networked, and the energy sector, the ports and railway are underdeveloped and unable to cope with the high demand of a fast growing economy. Table 1 provides a summary of comparative figures for nine stages of a business life in various countries.

Business Life	Processes and Costs	Kenya	Uganda	Tanzania	Rwanda	Burundi	Singapore	Mauritius	South Africa
Country Rank		109	123	127	45	169	1	23	35
Starting a Business	Procedures (Number)	11	16	12	2	9	3	5	5
	Time (days)	33	34	29	3	14	3	6	19
	Cost (% of income per capita)	37.3	84.5	28.8	4.7	116.8	0.7	3.6	0.3
Dealing with Construction Permits	Procedures(Number)	8	15	19	12	22	11	16	13
	Time (days)	125	125	303	164	135	26	136	127
	Cost (% of income per capita)	160.8	946.8	1170.1	312.0	4065.7	18.1	30.6	21.2
Registering Property	Procedures(Number)	8	13	9	5	5	3	4	6
	Time (days)	64	48	73	25	94	5	22	23
	Cost (per cent of property value)	4.3	2.9	4.4	6.3	5.6	2.8	10.6	5.6
Paying Taxes	Payment (Number per year)	41	32	48	18	24	5	7	9
	Time (hours per year)	393	213	172	148	274	84	161	200
	Total tax rate (% of profit)	49.6	35.7	45.5	31.3	46.2	27.1	25.0	33.1
Trading Across Borders	Documents to export (number)	8	7	6	8	9	4	5	8
	Time to export (days)	26	37	18	29	35	5	13	30
	Cost to export (US\$ per container)	2055	2880	1255	3275	2965	456	737	1531
	Documents to import (number)	7	9	6	8	10	4	6	8
	Time to import (days)	24	34	24	31	54	4	13	32
	Cost to import (US\$ per container)	2190	3015	1430	4990	4855	439	689	1795
Enforcing Contracts	Procedures (number)	40	38	38	24	44	21	36	29
	Time (days)	465	490	462	230	832	150	645	600
	Cost ( % of claim)	47.2	44.9	14.3	78.7	38.6	25.8	17.4	33.2
Closing a Business	Recovery rate (cents on dollar)	29.8	40.2	21.9	3.2	-	91.3	35.1	35.2
	Time (years)	4.5	2.2	3.0	3.0	-	0.8	1.7	2
	Cost ( % of estate)	22	30	22	50	0	1	15	18

Source: Global Competitiveness Report (2011/12)



In line with Vision 2030, there is need to focus on deliberate measures to bring down the costs associated with doing business in Kenya to the level of countries like Singapore, Mauritius and South Africa. This is achievable taking into account the short time Rwanda has taken to make good progress in global competitiveness. The accelerated growth experienced in the 1960s and between 2003 and 2007 confirms that Kenyan enterprises if provided with a business enhancing environment can seize the opportunities to create wealth and employment. The key challenge for government is to bring down the cost of doing business in Kenya to create an enabling business environment to attract adequate domestic and foreign investments.

The interventions necessary for improving competitiveness should focus on enhancing productivity of the various inputs and processes involved in the economic production processes. To improve productivity, the following challenges need to be addressed by various stakeholders: low productivity consciousness and awareness, weak human resource base, weak labour-management partnership, poor work environment and absence of a framework to guide productivity measurement and compensation. Others include: poor infrastructure, low prioritization of research and development, slow adoption of modern technology, weak and inhibitive legal and regulatory framework, and absence of policy and institutional framework to guide the productivity improvement efforts.

## 2. ELECTIONS 2013 AND BEYOND

Experience from failed states in Africa and elsewhere attest to the crucial role leadership plays in the overall stability and sustainable development of a country. Kenyans collectively have a role to ensure political stability of their country through election of credible and visionary leaders.

Voter education in Kenya is very low, resulting not only in low turnout and participation of the electorate in the past election processes, but also high influence on the electorate by the political class. On the extreme, Kenyans have shown tendencies of tribal voting to the detriment of their region's development due to political alienation and poor leadership. This has overtime resulted in widening regional inequalities both in terms of exploitation and allocation of national resources.



***A specimen of a biometric electronic voting machine anticipated to be used in the 2013 Kenya General Elections***

Comprehensive civic education is a prerequisite to achieving political security and ability of the electorate to elect good leaders. The electorate needs to be educated on: the right to vote, how to vote and the consequences of bad leadership on the country's development. The citizens need to understand that in a devolved government system, visionary leadership is crucial to a country's allocation and utilisation of resources and hence its development.

Civic education is a public good, which if well organised and executed, can be achieved with limited resources. The Independent Electoral and Boundaries Commission needs to put in place elaborate strategies and measures to ensure that comprehensive civic education is conducted throughout the country at optimal costs.

The economy has also suffered consequences of uncontrolled expenditures during campaigns and real and perceived political insecurity and fear of change of public policies during election years. As revealed in Figure 1, election years have been characterised with high levels of inflation and low levels of investment resulting in volatile economic growth. The government needs to implement the Political Parties Act to ensure spending on election campaigns does not fuel inflation tendencies that have characterised past election years.

Further, poor handling of election processes has in the past resulted in destruction of both public and private property, resulting to huge losses to the investors, loss of employment opportunities and low investor confidence. This is because the manual system of voting and vote counting has been open to malpractices. The country is of age and ready for an electronic voter registration and voting system. This requires huge investments on equipment and machinery, voter registration, and technical and analytical competencies. To have a credible voting system in place and conduct elections, the government needs to ensure that the election process and activities are well synchronised to minimise wastage of resources.



***Kenyans during the promulgation of the new constitution. Under this constitution Kenyans will elect: President, Senator, Governor, Member of Parliament, Ward Representative, and Women Representative.***



### 3. THE ROLE OF EMPLOYERS

Employers acknowledge that the country's leadership is important for creating an enabling business environment for enterprise growth and sustainability. For this reason, employers have a role to ensure that the country's leadership remains stable and that the transition from a centralised system of government to a devolved system does not destabilize enterprise growth.

As investors, employers are key to the realisation of the country's Vision 2030. Investment growth is affected by the legal and regulatory framework that a country has in place and the nature of policies that a government pursues. The expectation of the employers is that government will remain committed to the implementation of Vision 2030 and that the employers will continue to play a crucial role in the planning and implementation of policies and strategies. For this to be realised, the employers have the following roles to undertake:

- Uphold the Constitution;
- Remain a political and non-partisan;
- Use the workplace as a platform for peace building;
- Invest in innovation, research and development;
- Invest in value addition to raise the value of exports;
- Participate in industrial training and attachment by providing industrial attachment/ placement opportunities to expose trainees to the world of work;
- Undertake a rigorous objective analysis of parties manifesto to ensure they are enterprise friendly and give feedback;
- Engage media stakeholders to promote responsible campaign on electioneering and elections; right to vote; and address the consequence of leadership based on ethnicity;
- Identify challenges and opportunities in the run up to the next general elections and address them with intentions of influencing positive outcomes.

Investors are the key drivers of the economy. However, the competency and actions of the political class impact heavily on the business environment. Investors without being political have a role to ensure that the country's political environment remains stable to support enterprise growth and stability and attract more investments. To enable employers play their role, the government needs to put in place a conducive business environment by implementing policies and governance structures that protect and enable business to grow



*FKE Publications on sale at FKE 52nd AGM*

To spur growth, there is need to focus on reducing the regulatory burden on business. Business regulations are important if they enhance an enabling environment for all businesses. To that effect regulations that impact negatively on small businesses in terms of compliance and financial costs thereby discourage their formation and growth and negate their usefulness. All that businesses need is a regulatory framework that creates investor confidence. Steady growth of the informal sector remains central to addressing the growth volatility and therefore the high rate of unemployment that has characterised the Kenyan economy since independence.

#### **4. THE EXPECTATIONS OF EMPLOYERS**

To improve the country's investment environment, employers expect comprehensive reforms on the country's leadership, industrial relations, investment climate and social economic issues, among others. These are elaborated below:

##### **4.1. LEADERSHIP**

Africa's underdeveloped economies are largely caused by poor leadership and inappropriate policies. Kenya needs visionary leadership to overcome the challenges that have constrained the country from realising its full potential since independence. The Constitution provides opportunities for balanced development of all counties through a devolved government structure. Nonetheless, how the counties will realise financial sustainability to reap the benefits of a devolved government system without stifling businesses still remains a challenge to be addressed by the next government.

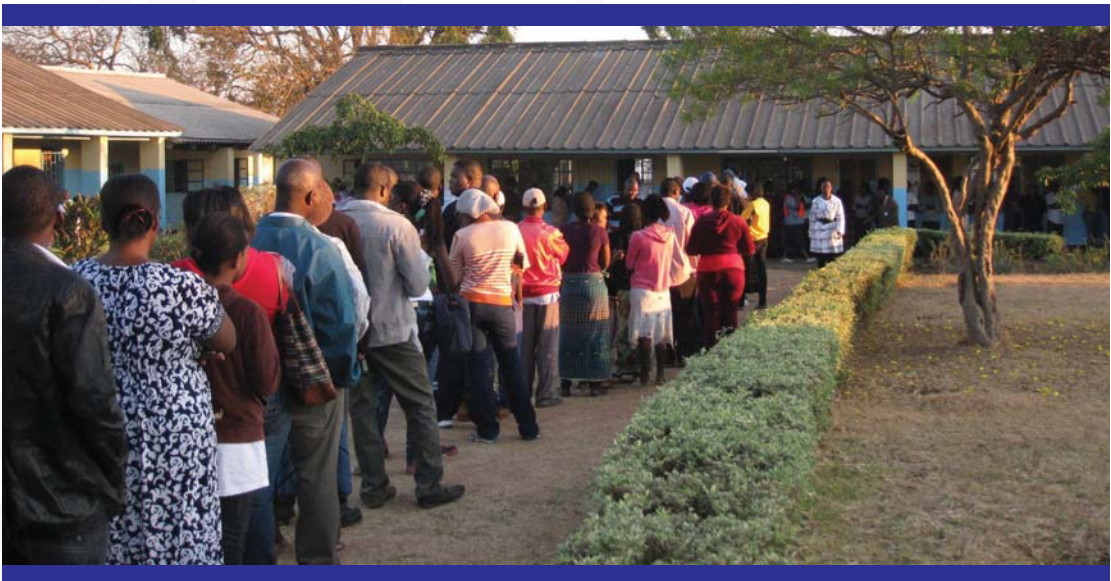
Poor leadership and inconsistent policies pursued by previous governments have widened the level of inequalities between and within regions as previously defined by provinces. Some regions remained underdeveloped due to the government's inability to facilitate exploitation of natural resources, inconsistent policies, and political alienation, among others. The Constitution provides for allocation of resources to national and county governments. Even so, the technical competencies of the leaders that will plan and manage resources especially at the counties will dictate how fast individual regions will open up and attract investments.



***A housing scheme in Kenya. Good leadership and accountability structures promote sound social developments.***

The employers' expectations on the country's leadership include:

- Comprehensive and timely implementation of the Constitution;
- Responsible leadership during the campaigns;
- Respect for the rule of law;
- Free, fair and transparent elections
- Election of competent leaders to the central and county governments;
- Clear criteria for selecting cabinet ministers/ secretaries with the technical competencies needed to oversee effective running of public institutions;
- Agreeable criteria for selecting credible leaders to comply with the constitutional provisions on regional balancing;
- Clear and acceptable criteria for merging of ministries to ensure the country enjoys economies of scale in service delivery; and
- Agreeable criteria for determining the salaries of constitutional office holders to enhance harmonious industrial relations.



***Kenyans queue at a polling station waiting to cast their votes for the leaders of their choice***

## **4.2. INDUSTRIAL RELATIONS**

A strong labour force, a transparent litigation process and harmonious industrial relations are important for wealth and job creation. Employers acknowledge the positive developments in the judicial system since the enactment of the new Constitution such as the elevation of the Industrial Court to the level of the High Court which has given industrial and employment issues recognition as priority issues in the economy. Creation of institutions notwithstanding, the employers expect that the government and the political leadership will promote and support sound industrial relations and respect the industrial relations charter; and ensure that capacity is built in the industrial courts to ensure efficient and effective disposal of industrial disputes.



Further, employers expect that the government will:

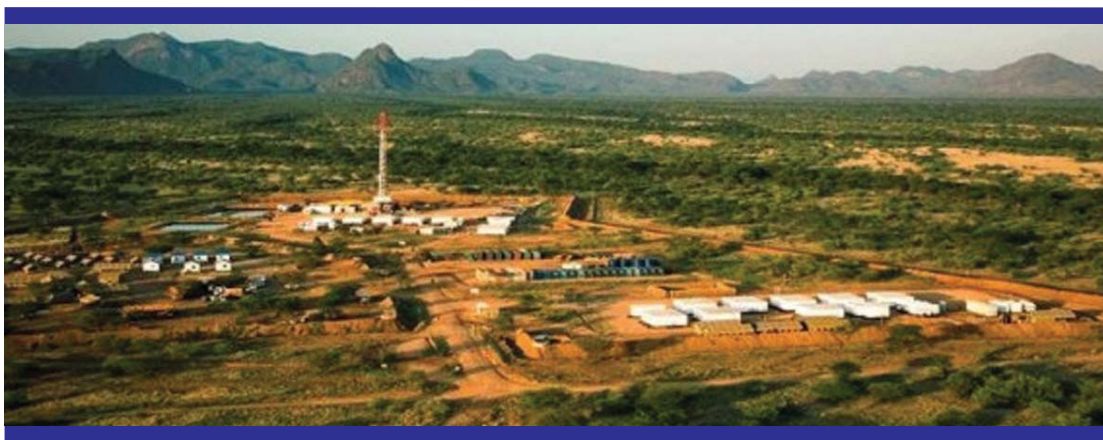
- Mainstream the Industrial Court into the Judiciary;
- Promote fair and timely court awards;
- Put in place non- punitive appeal processes;
- Harmonise salary awards of public servants for effective service delivery;
- Strengthen the institutional capacities of the Ministry of Labour, the productivity Centre of Kenya, the Industrial Court, Court of Appeal through adequate budgetary provisions;
- Realign the country's labour relations and compensation mechanisms with those of East African Community Members States to hasten free movement of capital and labour; and
- Implement effective labour administration mechanisms to raise awareness on Labour Laws to avoid unnecessary industrial unrest.

### 4.3. ECONOMIC DEVELOPMENT

To attain a middle income country status the country needs a sustained high growth of 10 percent. This requires massive investments not only by government, but also by the private sector. To attract and retain investments, the country needs an enabling environment which entails among others: macroeconomic stability, responsive governance institutions, well networked infrastructure, business friendly tax and regulatory regimes, and a responsive human resource base. This are discussed below.

#### 4.3.1. Macroeconomic stability

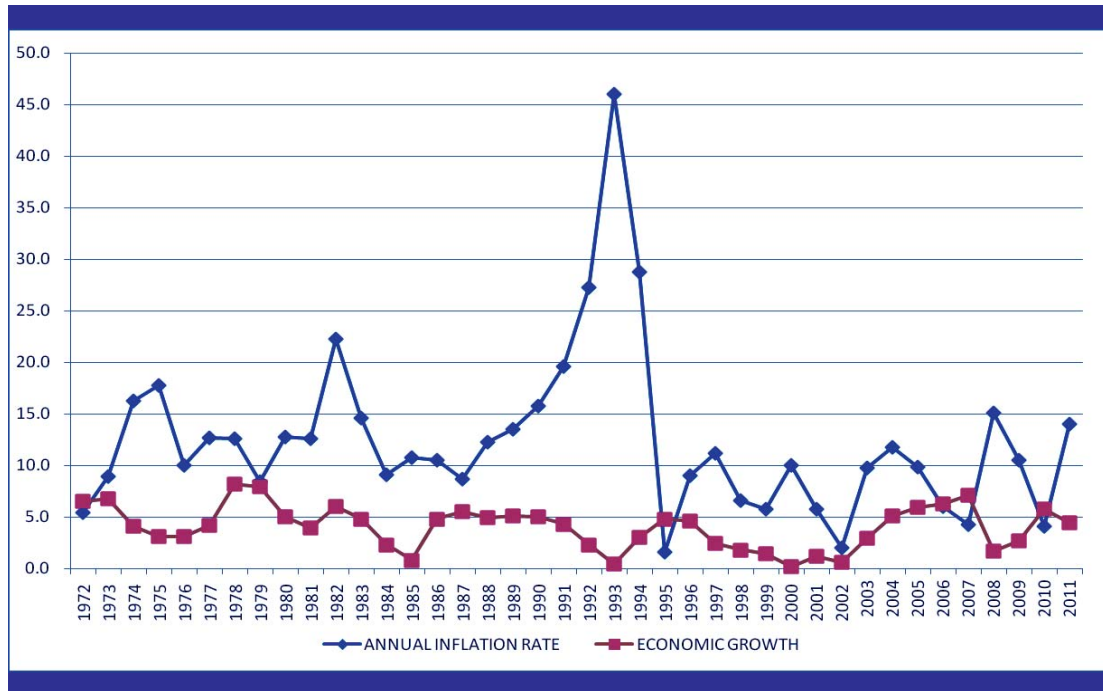
Macroeconomic Stability is a prerequisite to low cost of doing business. Stability entails maintenance low levels of inflation, strictly limited public sector deficits, a stable exchange rate, and low interest rates. It plays a key role in country's economic recovery and is crucial in fostering confidence among domestic and foreign investors, employees and the general public. A stable economic environment also works in favour of the poor who stand to lose the most in periods of high inflation.



***The discovery of oil deposits in Ngamia 1, Turkana has created a great potential for economic growth and investment in infrastructure and social development in the Northern Circuit***

During most of the election years, (1974; 1982; 1988; 1993; 1997; 2003; and 2008) the country experienced spikes of inflation (16.3; 22.3; 12.3; 46; 11.2; 9.8 and 15.1) with low economic growth (4.1; 6; 4.9; 0.4; 2.4; 2.9; and 1.7), respectively. Figure 1 below presents data on economic growth and inflation over the period 1972 to 2011.

**Figure 1: Trend Analysis of Annual Inflation and Economic Growth (1972 -2012)**



**Source of Data: Economic Survey, Various Issues**

Figure 1 does attest to the fact that high inflation, arising from uncontrolled expenditures during election years, mismanagement of electoral processes and therefore political insecurity does impact on a country's macroeconomic stability, and its growth and development. This is a problem that can be managed through establishment of credible independent electoral institutions with a strong legal and regulatory framework. Employers acknowledge the fact that the country has made strides in establishing these institutions. However, the independence and ability of the institutions to execute their mandates is far from being achieved as attested by continued amendments to the Constitution in the last three years aimed at weakening institutions of governance.

To achieve and sustain high economic growth the government needs to focus on economic policies and structural reforms aimed at removing hurdles to higher growth while facilitating private sector to expand its business, promote productivity and build resilience. As the government ushers in a devolved government system the need for more focus on fiscal discipline to ensure a smooth transition, cannot be overemphasized. This is important to ensure efficiency in allocation and utilisation of public resources. Similarly, fiscal prudence and strategic prioritization is important for overall fiscal sustainability and optimal utilisation of resources. To realise and sustain macroeconomic stability, employers expect that the government will:

- Build transparent, responsive, accountable, efficient and effective national and county governments to drive broad-based growth;
- Continue to investment in infrastructure, in particular, roads, energy, rails, ports and ICT;
- Deepen structural reforms, including improving governance structures for comprehensive implementation of the Constitution;
- Enhance regional integration and access to new and emerging markets to ensure enterprise growth and sustainability;
- Continue to provide targeted support for small and medium enterprises, as well as initiatives to increase value addition in agriculture to increase value of our exports;
- Exercise prudence in government spending to ensure price stability and long-term debt sustainability;
- Continue with reforms to simplify the tax system and widen the tax base;
- Put in place drought mitigation and food security measures to cushion the country from price fluctuations;
- Investment in the exploration of natural resources and cushion the country from high fuel and energy costs; and
- Contain wages and salaries by central government and other public entities to free resources for development expenditure.

#### 4.3.2. Human Resource Development

Kenya recognizes its people and their labour as a resource in abundance. However this resource has largely remained untapped. Experience worldwide has shown that no nation has achieved a technological and socio-political advance where less than 15% per cent of its qualified young citizens have access to tertiary education. For example, Europe has achieved an average of 35%, while emerging economies like South Africa and Brazil have 18% and 25%, respectively. Kenya has so far achieved only 6% due to over-emphasis on white collar education and poor attitude towards vocational training.

Our human resource is relatively well educated. However, the country is yet to achieve a globally competitive human resource base needed to meet the requirements of a rapidly industrializing economy and the ever changing skills requirement of industry. Employers expect that the government in addressing this challenge will:



***“The Federation of Kenya Employers has partnered with the United States International University (USIU) to offer an Executive Diploma Course on Industrial Relations. Such collaboration should be emulated to expose trainees to the world of work”.***



- Establish a regular human resource skills inventory to inform planning of the country's training programmes;
- Establish more technical training institutions, centers of excellence in specialized fields and enhance closer collaboration between industry and training institutions to tap talent and optimise on training costs; and
- Promote creativity and innovations through establishment of academies, provision of grants and protection of intellectual property rights.
- Enhance linkages between employers and institutions of learning to ensure school to work transition

### 4.3.3 Infrastructure Development

Vision 2030 recognizes infrastructure as an important component to facilitate sustainable development of the economy. The vision is to provide cost-effective world-class facilities and services. This is to be achieved through construction, modernization, rehabilitation and effective management of all infrastructure facilities. Though the government has made substantial investments on physical infrastructure, mainly on roads linking main cities, investments on the expansion of the port and the rail have remained minimal. More needs to be done to open up the counties to attract investments and decongest the cities. The country needs an infrastructural network that ensures that enterprises are interconnected through a network of roads, railways, ports, airports, water ways, and telecommunications.

***Employers expect that in hastening infrastructural development, the government will:***

- Cascade the ongoing infrastructural development to the counties to attract investment;
- Improve efficiency in infrastructure development process at all levels, to include planning, contracting, and construction;
- Cultivate a social attitude of respect and care for public infrastructure facilities and services amongst all citizens;
- Establish and reinforce punitive measures to deter vandalism of infrastructure facilities;
- Encourage public-private partnerships by providing the necessary incentives;
- Foster partnerships between multinational and local contractors to facilitate technology transfer and enhance the country's capacity.



***The Kenyan Thika Super Highway that has been put in place to facilitate an efficient transport system***

## 5. CONCLUSION

The employers have identified key issues that need to be addressed to reduce the cost of doing business and to improve Kenya's competitiveness. These include: good leadership, sound industrial relations, macroeconomic stability, an effective human resource, and infrastructural development.

Good leadership is a prerequisite to the Kenya's development. This calls for promotion of democratic processes and observance of the rule of law and sound industrial relations. To enable employers to create wealth and employment, the government needs to maintain stable prices, promote social and political stability; put in place an efficient and predictable legal and regulatory system, and efficient government services and processes.

Employers look to government for an enabling business environment for enterprise growth and sustainability. This is important for the economy to realize high and sustainable growth, necessary for wealth and employment creation. The employers note with concern that if the economy does not grow at a rate high enough to create adequate jobs for the youth, the current youth bulge is a security risk to investors and Kenya's economic stability. The youth need to be productively engaged. Within the devolved government structure, deliberate measures need to be undertaken to create an enabling business environment necessary to attract investments to all regions. This is important to ensure the country addresses regional inequalities perpetuated by the colonial masters.

Employers are committed to playing their role of wealth and employment creation. A conducive business environment will attract more investments to enable the economy operate at its full employment potential. The employers urge the various political parties to give these issues priority in their manifesto and device strategies to address them should they form the next government. The expectation of the employers is that the next government will remain committed to the implementation of Vision 2030 and that employers will continue to be involved in the planning and implementation of the country's policies and strategies.



*The recently upgraded Kisumu International Airport continues to open doors in horticulture and tourism for the western circuit*

## NOTES



## SUMMARY OF BENEFITS FOR FKE MEMBERS

ATTRACTING NO EXTRA FEE	ATTRACTING MINIMAL/SUBSIDIZED FEE
<ul style="list-style-type: none"> <li>• Trade dispute resolution.</li> <li>• Researched information on socio-economic and labour issues.</li> <li>• Collective Bargaining Agreements.</li> <li>• Advice and opinions on labour issues &amp; practice (including via email &amp; phone).</li> <li>• Advice on redundancy and terminations;</li> <li>• Advocacy on behalf of members locally &amp; internationally.</li> <li>• DIT Refund of upto ksh 8000 p.p.p.d for attending FKE training programmes.</li> <li>• CSR programmes like “Adopt a School”.</li> <li>• Representation on various boards/committees and Government policy formulation discussions.</li> <li>• National Budget Proposals.</li> <li>• Advice on labour laws and employment</li> </ul>	<p><b>Training on:</b></p> <ul style="list-style-type: none"> <li>• New Labour Laws and Industrial Relations;</li> <li>• Redundancy Management and Terminations;</li> <li>• Occupational Safety &amp; Health;</li> <li>• Productivity Measurement and Improvement;</li> <li>• Performance Management;</li> </ul> <p><b>Consultancy on:</b></p> <ul style="list-style-type: none"> <li>• Job Evaluation (Analysis, Evaluation and Grading );</li> <li>• Conducting Customer/Employee Satisfaction Surveys and Work Environment;</li> <li>• Customer Retention Strategies;</li> <li>• Strategic Planning: Development and Implementation;</li> <li>• Executive Selection &amp; Recruitment.</li> <li>• Legal Representation (labour related)</li> <li>• HIV/AIDS mainstreaming at workplace</li> <li>• Executive Diploma in Industrial Relations</li> </ul>

### Contact us on:

Waajiri House, Argwings Kodhek Road, Milimani, Nairobi (Opp. Nairobi Hospital)  
 Tel: +254 020 2721929/48/49/52, 2720242/62  
 Fax: +254-20-2721990, 2720295 Cell: 0733 333291/0722 203487  
 Email: fkehq@fke-kenya.org ; marketing@fke-kenya.org  
 Website: www.fke-kenya.org

# THE EMPLOYERS' MANIFESTO

## INTRODUCTION

Africa's underdeveloped economies are largely caused by poor leadership and inappropriate policies. Kenya needs visionary leadership to overcome the challenges that have constrained the country from realising its full potential since independence. The current Constitution provides opportunities for balanced development of all regions through a devolved government system.

## ELECTIONS 2013 AND BEYOND

The 2013 elections will be different from past elections. The electorate will elect the President, Senator, Governor, Member of Parliament, Ward Representative, and Women Representative. Experience reveals that voter education in Kenya is very low, resulting not only to low turnout and participation in the election processes, but also high influence on the electorate by the political class. Also, poor handling of election processes has in the past resulted in destruction of both public and private property, resulting to huge losses to the investors, loss of employment opportunities and low investor confidence. Further, as a result of uncontrolled expenditures by the political class during campaigns, real and perceived political insecurity and fear of change of public policies, election years and the years after elections have been characterised with price instability and low levels of investment resulting in a volatile economic growth.

Comprehensive civic education is therefore a prerequisite to achieving political security and ability of the electorate to elect good leaders. The electorate need to be educated on: the right to vote, how to vote, and the consequences of bad leadership on the country's development. The citizens need to understand that in a devolved government system, visionary leadership is crucial to a county's allocation and usage of resources and therefore the county's development. The ability of individual counties to attract investment will determine how fast a county develops and creates new jobs opportunities.

Civic education can be realised with limited resources. The previously utilised manual system of voting and vote counting has been open to malpractices. The country is of age and ready for an electronic voter registration and voting system. This requires huge investments on equipment and machinery, voter registration, and technical and analytical competencies. To have a credible voting system in place and conduct free and fair elections, the government needs to ensure that the election process is well synchronised to minimise wastage of resources.

## THE ROLE OF EMPLOYERS

Employers acknowledge that the country's leadership is important for creating an appropriate climate for enterprise growth. For this reason, employers have a role to ensure that the country's leadership remains stable and that the transition from a centralised system of governance to a devolved system does not destabilize enterprise growth. For this to be realised, the employers have the following roles to undertake:

- Uphold the Constitution;
- Use workplaces as a platform for peace building;
- Invest in innovations, research and development;
- Invest in value addition to create more wealth and productive jobs;
- Provide industrial training and attachment opportunities;

- Remain non-political and non-partisan;
- A rigorous objective analysis of parties manifestos to ensure they are enterprise friendly and give feedback;
- Disseminate information on the impact of political party manifestos on businesses;
- Engage political party leaders to discuss enterprise growth and job creation priorities;
- Engage media stakeholders to promote responsible media campaign on electioneering and elections; and
- Identify challenges and opportunities in the run up to the next general elections.

## **THE EXPECTATIONS OF EMPLOYERS**

To improve the country's investment environment, employers expect comprehensive reforms on the country's leadership, business climate, industrial relations and social economic issues.

## **LEADERSHIP**

Experience from failed states reveals the essence of good leadership. Kenyans have not enjoyed balanced development due to inconsistent policies, and political alienation among other reasons.

The employers' expectations on the country's leadership include:

- Comprehensive and timely implementation of the Constitution;
- Responsible leadership during the Campaigns;
- Free and fair elections;
- Election of competent leaders to the central and county governments;
- Competitive selection of Cabinet Ministers/ Secretaries;
- Optimal merging of Ministries for effective service delivery; and
- Competitive salaries to Constitutional office holders.

## **INDUSTRIAL RELATIONS**

A strong labour force and observance of harmonious industrial relations is important for wealth and job creation. Also important is a transparent litigation process. This requires the government to:

- Mainstream the Industrial Court into the Judiciary
- Adequate equip and resource the Industrial Court
- Promote fair and timely court awards:
- Put in place non- punitive appeal processes;
- Harmonise salary awards in the country;
- Strengthen the institutional capacities of the Ministry of Labour; and
- Fast track labour harmonisation with the EAC;

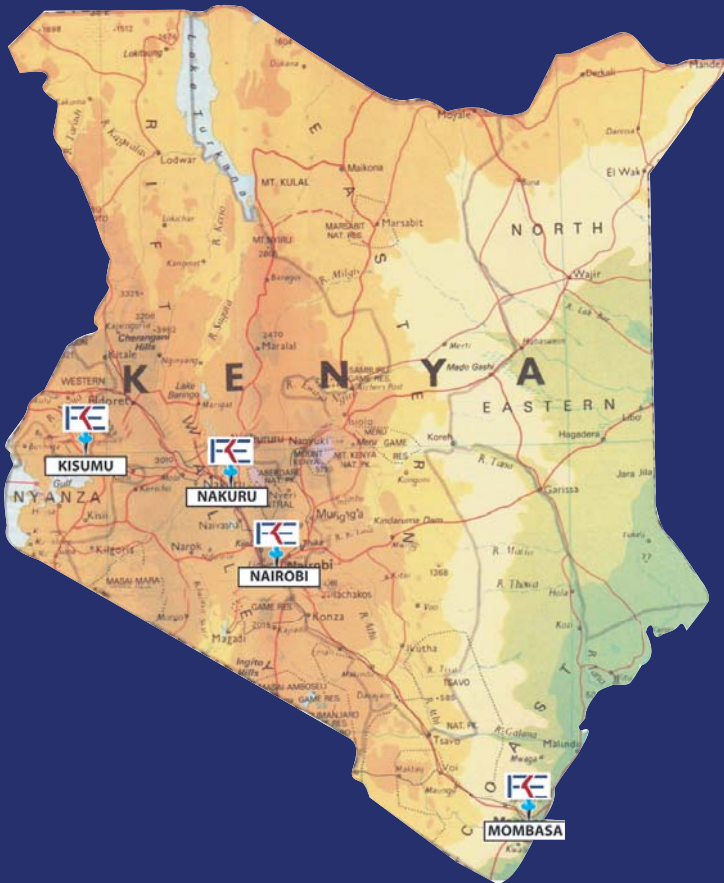
## **ECONOMIC DEVELOPMENT**

Macroeconomic stability, continuity in governance reforms, infrastructure and human resource development underpins enterprise growth and sustainability. To create an enabling business environment, employers expect the government to:

- Pursue low and stable levels of inflation, sustainable level of public sector deficits, a stable exchange rate, and low interest rates;
- Put in place a good governance structure for optimal utilisation of resources;
- Undertake infrastructural development to ensure that enterprises are interconnected through a network of roads, railways, ports, airports, water ways, and telecommunications; and
- Put in place a good education system that meets the ever changing labour requirements of industry.
- Expand the tax base and reduce the that tax level.



# FKE BRANCH NETWORK



## Nairobi Office

Waaajiri House, Argwings Kodhek Road,  
Millimani, Nairobi  
Tel: +254-20-272 1929/48/49/52,  
272 0242/62  
Cell: +254-733-333 291, 722-203 487  
Email: fkehq@fke-kenya.org  
Website: www.fke-kenya.org

## Western Kenya Branch Office

Re-Insurance Plaza,  
Oginga Odinga Rd. Kisumu  
Tel: +254 51 2216744/690  
Email: fkeksm@fke-kenya.org

## Rift Valley Branch Office

Nakuru Press Building,  
Printing House Road, Nakuru  
Tel: +254 51 2216744/690  
Email: fkenkr@fke-kenya.org

## Coast Branch Office

Ralli House, Nyerere Avenue, Mombasa  
Tel: +254 41 2311112  
Email: fkemsa@fke-kenya.org

## Contact Us

### FEDERATION OF KENYA EMPLOYERS HEADQUARTERS

Waajiri House, Argwings Kodhek Road

P. O BOX 48311 - 00100, Nairobi Kenya

Tel: +254 20 2721929/48/49/52, 2720242/62/0171 Cell phone: +254 722 203487

Fax: +254 20 2720295, 2721990, 2712299

Email: [fkehq@fke-kenya.org](mailto:fkehq@fke-kenya.org)