

# Labour Management in Kenya

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## Abstract

Labour is defined as a task that requires the exertion of the body and the mind or both. In construction, labour is very important because it is the one that combines all the other resources in order to produce the various construction products. In construction and particularly from a contractor's point of view, labour is the one resource that is most susceptible to improvement since material costs are generally fixed by consultants through specifications and profits are largely controlled by the competition. Any construction resource control and management must therefore emphasis labour.

Studies in the Kenyan construction industry show that labour costs vary widely within the industry and that labour management is the most significant factor affecting labour productivity and consequently firm profitability. Sound labour management aims at increasing both the efficiency and effectiveness of labour. Some of the shortcomings of labour management include:

1. Unfair wages
2. Recruitment of unskilled personnel
3. Poor communication
4. Negative influencing factors
5. Lack of motivation
6. Lack of training
7. Lack of investment in research and development.

Sound labour management that leads to an increase of efficiency and effectiveness of personnel is a significant factor in determining the future survival of any firm in the construction industry particularly as competition increases. Labour management is thus an important performance measure of the construction industry

**Keywords:** Kenya, labour, management.

## INTRODUCTION

Labour is defined as a task that requires the exertion of body and mind or both. Labour is an important resource in construction because it is the one that combines all the other resources namely materials, plant, equipment, and finance in order to produce the various construction products. The endeavor to control construction costs particularly in these hard economic times, must be geared towards better control and management of labour mainly because labour is the one resource that affects all the other resources and it is

most susceptible to improvement. Consultants via specifications, control material and plant costs, and profit and overhead are generally controlled by the competition. This then leaves labour as the one resource open to improvement [Schrader (1972)].

Labour management is the process of channeling human energy and skills into achieving business objectives [Fryer (1982)]. Labour management is thus concerned with both the efficiency and the effectiveness of the labour i.e. how fast the job is done and also how useful the task is. Labour can be controlled via three methods:

- Control of wage rates – this is not viable in our industry because wage rates are government controlled.
- Control of working rules – these too are controlled by the ministry of labour and the trade unions.
- Practice of sound labour management techniques – this is the only available option and the most effective.

Clearly then in an industry like ours that is labour intensive, sound labour management can not be ignored for it is the only vehicle available in our efforts to improve our industry.

The Kenyan economy has been on the decline for the past five years with GDP growth for the 1999 going to a low of 0.3 [Economic survey, 2000]. The construction industry has not fared any better particularly since the government who is the industry's biggest client put a freeze on all development expenditure. This has led to cutthroat competition among the contractors with the most successful ones being those that are able to manage their labour most efficiently and effectively. Labour management of production staff has thus come under close scrutiny.

One of the things lacking in the developing countries construction industry are performance measurements. This is because we in the developing world have not instituted data banks that can give indicators of how our industry is faring on. This paper is a small step towards the creation of such performance measurements.

## **The research and methodology**

In 1997 the Joint Building Council (JBC) commissioned a study whose main aim was to investigate and establish an average percentage labour cost of construction rates. This would then be used to determine the labour content of a contract for fluctuation purposes [Wachira (1997)]. During the above study it became clear that productivity of labour not only varied between the various sites but also the daily productivity's for similar activities in the same site varied. We therefore decided to collect data from 30 construction sites in and around Nairobi to answer the question '*What factors affect labour productivity on the site?*'. It intended to attempt to explain the variance in the productivity of labour in the different sites. The research was mainly aimed at firstly identifying the factors that affect labour productivity at the site and secondly to suggest means of mitigating against these factors. The data was collected by interviewing both the production workers e.g. masons, carpenters and painters and the contractor's who were the managers. The interviews were conducted by the researchers asking the interviewees questions from the questionnaires and noting the responses by method of scoring e.g. if the interviewee strongly agreed, then the score was 5 and if they disagreed the score was 0. The factors of labour productivity considered in the questionnaires were mainly obtained from literature reviewed (Herbsman and Ellis, 1990; Malcom & Talhouni, 1988; Parker, et al., 1986) and from previous surveys. Some of the data was obtained from observations by the researchers. The three main factors identified as affecting site productivity are:

- Shortcomings in labour management – these are factors that are within the control of the managers of the project. Labour management is the application of management skills to labour i.e. the planning, control, and monitoring of labour to ensure that it is focused on the achievement of the set objectives. Some of the shortcomings include unfair wages, lack of training, lack of motivation.
- Extraneous reasons – these are factors that are not within the strict control of the project team but which may be influenced by proper planning and scheduling of tasks e.g. inclement weather and breakdown of law and order.
- Shortcoming of labour – these are factor within the control of the workers themselves but whose effect may be minimised by practice of sound labour management e.g. lateness, idleness, and careless workmanship.

The overwhelming verdict of the research was that it is the shortcomings of labour management that have the most significant effect on labour productivity. This paper will therefore concentrate on this factor and will endeavor to explore the various shortcomings of labour management, their causes and possible solutions.

## **FINDINGS**

Findings from the research are as graphically represented in the table one and figure one. From the data it is clear that the contractors view of the problem of labour management was somehow skewed by their need to cover up some of their shortcomings. The finding are discussed below:

### **Unfair wages**

More than 90% of the workers identified this as one of the major labour shortcoming. Interviews with the respondents and perusal of the contractor records show that although the government publishes minimum wages for the construction workers i.e. Kshs. 169.95 per day, most of them are paid below this wage guideline. The main reason for this is that there is a lot of unemployment and those who demand the legal wages are simply chased away and they are other employees waiting to immediately take their place. The government through the ministry of labour does not have the resources mainly in terms of personnel to enforce the wage guidelines so they turn a blind eye, and the clients and consultants do not bother since the payment of fair wages is usually not incorporated in the conditions of contract. Most construction workers are employed on casual basis when work is available. This in turn means that the majority of these workers are unable to join the trade unions as they cannot sustain their subscription and so the trade unions do not feel obliged to lobby for them. The Kenyan construction worker is thus left at the mercy of the contractor who then takes the chance to pay them peanuts. It is interesting to note that none of the contractors considered unfair wages to be a shortcoming of labour management. Most of them pointed out that the workers were always free to leave and that the government wage guidelines are unrealistic. They however complained of laxity and stealing by the workers which is directly related to the unfair wages.

### **Recruitment of unskilled personnel**

Workers need to believe that the contractors know what they are doing i.e. they are able to give direction in the tasks at hand (ASCE technical council, 1983). For labour to be at optimum efficiency and effectiveness the personnel must have the right skills, training and experience. In Kenya the contractor has a free hand in recruitment of workers and most of them recruit unskilled and unqualified staff to key positions say main foreman. In such position these unskilled personnel are in-charge of other more skilled tradesmen. This then creates a lot of resentment, material wastage and poor workmanship as the latter group tries to exert their skills, which the former does not understand. The contractor argue that in these positions they need to get people they can trust whether or not they are qualified in order to check the laxity and stealing in the construction site.

## **Poor communication**

For the right staff to be effective they must clearly understand what requires to be done i.e. there must be clear communication. In our research we found out that 50% of the workers complain about inadequacy in communication. This is mainly exhibited by the fact that the contractor do not inform or communicate the work plan cum schedule to the workers and the workers only get to know about the days work in the morning. The workers do not get a chance to make any input into the work plan and most of them feel that their contribution would improve the work. The research established that the main problem is that very few contractors have the requisite planning and scheduling skills. When a project requires a plan to be made, the contractors will get a consultant to do the plan but they have no idea how it is supposed to impact on the works or how to interpret the same.

## **Negative influencing factors**

These include delays in the delivery of materials and equipment, and poor welfare facilities. The negative factors reduce the productivity and effectiveness of the personnel. More than 80% of the workers complained about this and in some of the sites we visited the effect of these factors were very clear e.g. in one site there were no toilet facilities for the workers and whenever the need arose the workers had to take about 15 minutes break to go to the nearest toilets. In another site the contractor had hired a concreting crew but 4 hours into the working day the work had not started because the concrete mixer would not work.

## **Lack of motivation**

Human potential is boundless but it requires motivation in order to excel (Schrader, 1972). Motivation maybe in various forms including money, recognition, bonuses, job security, participation in decision-making, etc. It is the responsibility of the contractor to identify the most effective motivators for his workers and to use the same. Most of the contractor interview did not see lack motivation as a management problem because they argue that since more that 95% of their workers are hired on casual terms they should not expect any kind of motivation. More than 90% of the workers however identified this as a major shortcoming with most of them selecting job security and money (in that order), as the best motivator. This is clearly inspired by the current high level of unemployment. Lack of motivation has also led to high staff turnover in the construction industry leading to lack of continuity in the organisations. In all the sites visited there was no worker who had stayed with their current employer for more than 2 years.

## **Lack of training**

All personnel require continuous training in order to update their skills, improve their communication skills, learn new methods and technology, etc. Good managers must thus continuously invest in training of their workers. In construction this is especially paramount for the supervisory staff. Inability of construction supervisors to plan work, communicate with workers and direct their work activities adequately is a major factor in the declining cost-effectiveness of the construction industry (Business Roundtable report, 1983). Most workers interviewed had not been trained by their employers while the contractors argued that they trained the workers on the job. This is however not effective given that most of these workers do not stay with the same employer for a sufficiently long time. The casual nature of employment of the employees is the biggest handle in training since the contractors do not feel obliged to train none permanent employees. The government of Kenya requires the contractors to pay a training levy for all contracts amounting to more that Kshs. 50,000.00. The Federation of Kenya Employers administers this training levy and it allows contractors to draw money to train their workers. Although most contractors pay these monies they do not utilise it and infact the fund has now accumulated to a hefty Kshs. 66,600,000. Contractors must be encouraged to train their workers.

## **Lack of investment in research and development**

Research and development is necessary in order to devise new and more effective and efficient working methods. All the interviewees felt that this is the responsibility of the government and the institutions of higher learning. However, as our country moves towards the new economic order where the private sector becomes the leader in all-economic endeavors, investment in research and development must be come from them. The institution of higher learning are able and willing to carry out such research but are handicapped by lack of funding and in any case it is the contractor and their staff who are best suited to identify the areas which such research must focus on. The contractors in particular, being the potential beneficiaries of such research must be willing to invest.

These are the main shortcomings of labour management in the construction industry in Kenya. Clearly most of them do not require a lot of resources to improve. As our industry continues to embrace liberalisation and as competition for the scarce resources available in the economy becomes more fierce, labour management that leads to increase of efficiency and effectiveness of personnel will be a significant factor and performance measurer of the construction industry. Sound labour management will have a positive impact on the survival and profitability of any firm.

## **RECOMMENDATIONS**

In most developing economies there are no programs in place for the training of contractors and most contractors do not have any construction training or background. This is because contracting is yet to be recognized as a profession. Clearly this must change if the construction industry is to play its rightful role in economic development. Training of contractor in sound labour management, clearly spelling out what role it has to play in the efficiency, effectiveness and profitability of the firm must be emphasized. We in the developing world construction industries must be willing to invest funds in the training of our contractors to equip them with various skills necessary for them to play their very significant role in the construction industry. Focusing all our resources in the training of consultants while ignoring contractors will not yield the desired change in our industry.

Most post secondary construction training in Kenya i.e. diploma and degrees is aimed towards making of consultants. When these trainees finish their education, they are registered by the respective professional boards and associations which have rules and regulations that prohibit them from becoming or from being employed by contractors. Since this is the only group endowed with construction skills, it follows then that they do not permeate into contracting in any significant numbers that can influence this profession. These institutions should thus recognize contracting as an important profession in the construction industry and formulate courses accordingly.

Contractors in Kenya must be sensitized to appreciate the very significant role that labour plays in the industry and also to appreciate their role in directing, controlling and monitoring the performance of this resource. The increase in efficiency and effectiveness of this resource will benefit all in the construction industry and especially the contractors.

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