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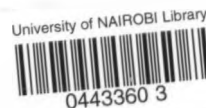
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LABOUR AND SOCIAL DIMENSIONS OF GLOBALIZATION IN THE COMMERCIAL AGRICULTURE SECTOR IN KENYA

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R/50/7281/2002

Research Project Submitted at the University of
Nairobi Institute of Diplomacy and International
Studies in partial fulfillment for the award of
Master of Arts Degree in International Studies.

December 2004



DECLARATION

This research project is my original work and has not been presented for examination at any other University.

Muli

2/2/05

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This Research Project has been submitted to the Board of Post Graduate Studies at the University of Nairobi for Examination with my approval as a University Supervisor.

Mudida

2/2/05

MR. ROBERT MUDIDA

DATE

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DEDICATION

This research dissertation is dedicated to my parents Mr. & Mrs. Muli. Thank you for your love, encouragement and providence.

ACKNOWLEDGEMENTS

The success in completing this project research is attributed to several individuals whose contribution cannot go unsaluted. First, the Government of Kenya for the scholarship and time off afforded to pursue my studies. Secondly, my colleagues and classmates who urged me on when 'the going got rough' and all seemed to be insurmountable. To mention a few, Martha, Ngesu and Seif. David deserves a special mention for friendship, assistance and encouragement, throughout the period I undertook the studies. Joel provided me with the necessary research material and useful discussions.

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List of Abbreviations and Acronyms

ACP-EU	-	African, Caribbean, Pacific- European Union
AGOA	-	African Growth Opportunity Act
AIDS	-	Acquired Immuno-Deficiency Syndrome
AOA	-	Agreement on Agriculture
CBS	-	Central Bureau of Statistics
CNN	-	Cable News Network
COMESA	-	Common Market for Eastern and Southern Africa
COTU	-	Central Organisation of Trade Unions
EAC	-	East Africa Community
FDI	-	Foreign Direct Investment
FKE	-	Federation of Kenya Employees
GDP	-	Gross Domestic Product
GFCF	-	Gross Fixed Capital Formation
GSP	-	Generalised Systems of Preferences
HDI	-	Human Development Index
HIV	-	Human Immuno-Deficiency Virus
ILO	-	International Labour Organisation
IMF	-	International Monetary Fund
IPEC	-	International Programme for Elimination of Children
LDC	-	Less Developed Countries
MNES	-	Multinational Enterprises
NACC	-	National Aids Control Council
NACC	-	National Aids Control Council
NGO	-	Non-Governmental Organisation
NHIF	-	National Hospital Insurance Fund
NSSF	-	National Social Security Fund
OHS	-	Occupational Health Standards
PRSP	-	Poverty Reduction Strategy Paper
STDS	-	Sexually Transmitted Diseases
UK	-	United Kingdom
UNDP	-	United Nations Development Programme
UNICEF	-	United Nations Children's Educational Fund
US	-	United States
WB	-	World Bank
WMS	-	Welfare Monitoring Survey
WTO	-	World Trade Organisation
WTO	-	World Trade Organisation

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ABSTRACT

This study has taken a critical look into the labour and social dimensions of globalisation in commercial agriculture in Kenya. It first looked into the nature and impact of globalisation. This overview traced the meaning and evolution of globalisation taking into account key characteristics of globalisation. It also reviewed the impact of globalisation on various sectors of the economy and emerged that there are uneven benefits of globalisation across the countries. The various reforms that have been undertaken in the commercial agriculture sector have impacted the sector negatively in Kenya. There is a lot of insecurity among labour force as a result of globalisation in the sector.

International agencies that have tried to enforce equal distribution of benefits have encountered various challenges. The recommendations that have emerged in the study will form a suitable basis for these agencies to make policies that will engender positive growth in the economies especially in the commercial agriculture sector.

CHAPTER 1

1.0 BACKGROUND TO THE STUDY: LABOUR AND SOCIAL DIMENSION OF GLOBALISATION IN COMMERCIAL AGRICULTURE SECTOR IN KENYA

This chapter gives a thematic overview of the research paper. The first part presents a brief outline of the focus area, followed by the statement of the problem. The objectives, literature review, hypothesis and justification of the study for the second section of the chapter. The conceptual framework informing definition of concepts and methodology employed during the research will form the third section. The chapter concludes by outlining how the paper is organized.

1.1 INTRODUCTION

The research seeks to address a specific question: what have been the effects of globalization, as it has progressed so far, on labour and social dimensions in the commercial agriculture sector in Kenya? Globalization is complex and multidimensional it presents different faces to different individuals, groups and nations. It has been subject of debates and mixed emotions in the recent years.

For the purpose of this research, globalisation is defined as a process of integration of national markets into a global economy.¹ Markets on the other hand exist as a result of production, which is provided by labour. The economic dimensions of globalization have often been overemphasized at the expense of social and labour

¹ Ghose, K.A Jobs and Incomes in a Globalizing World (Geneva: ILO publication 2003) p.1

effects². Yet without labour economic gains cannot be attained. There is need for greater coherence between economic and social policies as the two are closely interrelated and must be viewed together for proper assessment of their impact.

The record of globalization is mixed. Some countries have been able to take advantage of market economy while others have become more marginalized, disintegrated and impoverished³. Market forces and economic growth have not been able to guarantee social justice, employment and development. The study will focus on the outcome of the flawed process of globalization with an emphasis on labour and social aspect.

There are also widespread concerns and anxieties about globalization, which centre on perceived uncertainty⁴. A serious scrutiny of facts and arguments is required to know if these concerns and anxieties are indeed well founded.

The study will also endeavour to examine the way structural changes in the global economy have affected society and quality of life including workers and working conditions. Social ills such as exploitation of child labour and women workers in agricultural sectors will also be examined.

² Holkeri, H., President of the 55th General Assembly of the United Nations Editorial on African Newsletter on Occupational Health and Safety Vol. 11, Number 3 December 2001 p.1

³ Ibid

⁴ There has marked increased in riots and protests against policies institutions of globalization, namely IMF, WTO and World Bank.

The research will examine health and safety standards in the workplace as well. Apprehension has been expressed that competition in trade and attracting FDI, has led to lowering of labour standards especially in developing countries.

The role of the ILO and its promotion of social justice in the globalization process will be examined with particular reference to Kenya. The policy initiatives undertaken by the ILO, which seek to promote greater coherence between social and economic policies, will be scrutinized and their impact assessed.

The agricultural sector provides employment to over 75 per of the national labour force⁵ the issue of workers right to collective bargain and the freedom of association will be examined as they have the power to influence global policy making on labour issues.

Finally, it will emerge that in contrast to the view that national governments are powerless in the face of globalisation, domestic policies can have a strong bearing on the relationship between globalisation and social progress. There is need to strengthen education training, safety nets, labour laws and industrial relations and respect for core labour standards.

STATEMENT OF THE PPROBLEM

The emergence of new technologies and expansion of trade regimes has accelerated the speed of globalization. True globalization has made markets more open and

inclusive. However the improved interconnectedness and economic dimensions of globalization are often over emphasized at the expense of the social dimensions.

Women constitute 71% of the agricultural labour force in Kenya. Most of the women who work in the commercial agriculture sector are usually engaged as casual labourers for very low wages. This inadequate application of labour standards is one of the negative effects of globalization⁶ as firms compete to make profits in a liberalized economy. The non-application of standards is also damaging to national development. There is need to come up with strategies that ensure labour standards are adhered to in all fields as the world integrates.

Poverty is also rampant among workers in this sector, yet the sector provides 60% of the export earnings for the country. The situation has been worsened by removal of subsidies as prescribed by the WTO. A negative practice such as child labour, which transmits and perpetuates intergenerational poverty, is also rampant in this sector. Globalization though hailed for having opened up markets, has also opened massive importation of cheap products from countries offering subsidies to their farmers. There is urgent need for the government to address the issue of poverty in this sector. The use of chemicals in agricultural sector presents a major health hazard to the workers in this sector, which has further been compounded by HIV/AIDS, and presents one of the greatest challenges of development in Kenya in terms of its impact on poverty and social equity at global level. The devastating economic and social

⁵ See ILO, Jobs For Africa. Investment For Poverty Reducing Employment in Kenya. p.75

⁶ See ILO activities on Social Dimension of Globalization Synthesis report Geneva p.5

consequences of unhealthy workforce require a greater sense of corporate social responsibility by adopting Occupational Health Standards (OHS).

Globalization is increasingly exposing society and people to global economic risk and income insecurity, and is posing new challenges to extend social security protection. Insecurity has risen in recent years as people all over the world are affected by developments linked to globalization, such as emergency of more flexible labour markets, increased information, rapid technological change and social policy reforms⁷. New ways of promoting socio-economic security are needed, which would constitute basis of social justice and an economically dynamic society. There is also an urgent need to offer social security to those who are not covered by existing systems.

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1.3 OBJECTIVES

The broad objective is to examine the effects of globalization in the commercial agriculture sector in Kenya.

Specific Objectives

- i) Examine the impact of globalization on labour in the commercial agriculture in Kenya,
- ii) Examine the labour and social issues in commercial agriculture sector
- iii) Identify innovative ways of making economic and social objectives sustainable and mutually reinforcing in the agriculture sector.

⁷ See ILO Synthesis report on Social Dimension of Globalization p. 18

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⁷ See ILO Synthesis report on Social Dimension of Globalization p. 18

1.4 LITERATURE REVIEW

The literature relevant to the study is divided into two sections, namely that dealing with broad issues and concerns in globalization, and that on labour issues.

There are different perspectives in defining or describing globalization⁸; there are those people who tend to view it narrowly from the perspective of a single discipline. In essence, there are two schools of thoughts; one takes an economic and business perspective and challenges the views of substantial global integration. For example, Alan Ruginan who regards globalization as a myth, see it as '*the activities of multinational enterprises engaged in foreign direct investment and the development of business networks to create value across national borders*'⁹.

Another school of thought adopts a wider multidimensional perspective, seeing globalization as a complex process, which not only affects the economy and business, but also the nation state, politics, social, and culture as well. It also regards globalization as a technological process.¹⁰ Others view the process as a dismantling of trade and investment barriers between countries and an internationalisation of production system, and the emergency of global product and capital markets. Since globalization, threatens national and local culture and identity, it is also seen as

⁸ In spite of the wide usage and intensive debate that is now underway, there is no precise or widely accepted definition of Globalization.

⁹ Hirst and Thompson, 1996 on The Role of MNEs in Integrating the World Economies. see also the Economist November, 1997

¹⁰ See Held et al, 1999, Gray 1998, Ohmae, 1995 Tomlinson 1999, Global Transformation, Politics Economics and Culture United Kingdom; Polity Press

having the reverse effect of intensifying nationalism and even giving impetus to fundamentalism¹¹.

Globalisation according to Ghose is the process of *formation of global markets in products as well as in factors of production*.¹² This definition presupposes the fact that globalisation must be a process stretched over a long time horizon. It is worthy noting that globalisation is not a new concept. The 'first' integration of markets occurred before First World War 1870 – 1913. The "second wave" referred to as the 'Golden age' occurred between 1950-73 though it witnessed important restrictions, on labour mobility and capital, it was characterized by rapid growth of manufactured trade among industrialized countries. The current phase of globalization that came into play since mid 1980s has been spurred and reinforced by different factors namely; technology, trade, FDI and financial flows.

The major institutions according to Stiglitz¹³ that govern globalisation IMF, WB and WTO. There are however other institutions which play a role in international economic system while others often have markedly different view from IMF & WB for example ILO worries that IMF pays little attention to workers rights.

Globalisation as we know it has profound economic, social and political implications.

There are sharply divided views on its' impact on different economic sectors, types of

¹¹ While globalisation shifts influence and power from nations and local communities to international or regional arena, at the same time, it also leads to a revival of local and cultural identities resulting in pressures for local autonomy see Giddens, 1999

¹² Ghose A, *Jobs and Incomes in a Globalizing World*. (Geneva: ILO Publication 2003)

¹³ Stiglitz J, *Globalization and its Discontent* (London, Penguin: 2002)

enterprises categories of workers and social groups. This section highlights some of the literature dealing with the arguments for and against Globalization.

According to Snarr,¹⁴ there are some aspects of globalization that most will agree are good, for example the spread of medical technology or bad, for example increased global trade in illegal drugs.

Snarr argues that a key aspect of political globalization is the weakened ability of the state to control both what crosses its borders and what goes on inside them. In other words, globalization can reduce a state sovereignty. This can be viewed as good, because undemocratic governments are finding it increasingly difficult to control the flow of information to and from democratic groups. On the other hand, decreased state sovereignty, also means the state has difficulty controlling the influx of illegal drugs, nuclear materials, unwanted immigrants, and terrorists.

In the realm of economics, Snarr concedes that globalization has given consumers more choices. Also multinational corporations are creating jobs in areas where people never before had such opportunities. Some critics refute these points arguing that increased foreign investment and trade benefit only a small group of wealthy individuals and that, as a result, the gap between rich and poor grows both within and between countries.

At the cultural level,¹⁴ those who view increased cultural contact as positive say that it gives people more opportunities to learn about other cultures. But critics of cultural

globalization like Byrol argue that the wealthy countries are guilty of imperialism – that their multi-billion-dollar advertising budgets are destroying the cultures of non western areas, as illustrated by Arons’ aggressive sales strategy in the Amazon region.

Other critics like Huntington ¹⁵ however argue that throughout history, foods and material goods have spread from one society to another without significantly altering the basic culture of the recipient society.

Similarly, others like Mowlana ¹⁶ argue that globalization brings only superficial changes. “McDonalds may be in nearly every country but in Japan, sushi is served alongside hamburgers on the menu.”

Mc Grew¹⁷ rejects the notion that globalization will inexorably lead to the creation of a world society or to some form of world government. The historical evidence is ranged against it. He argues that globalization stimulates forces of opposition that may just as readily lead to an increasingly fragmented world, since greater mutual awareness and interconnections between different societies, may simply sow the seeds of conflicts and tension. Bull,¹⁸ on the other hand observes, awareness of other societies, even where it is “perfect”, does not merely help to remove imagined conflict of interest and ideology that do not exist; and ideologies that do exist. In many respect globalization can be conceived as a set of interlinked processes, which is highly uneven and also highly different from societies, and within different policy domain.

¹⁴ Snarr, M. & Snarr N (Eds). Introducing Global Issues (Lynne Reinne Publishers 1988)

¹⁵ Huntington, S The West:: Unique Not Universal, Foreign Affairs 75, no. 6 1996

¹⁶ Mowlana, Hamid “The Communication Paradox.” Bulletin of Atomic Scientist 51, No 4 1995

¹⁷ McGrew, G.A, et al, Global Politics. (United Kingdom: Polity Press)

¹⁸ Bull, H., The Anarchical Society (London Macmillan: 1977)

Inyer ¹⁹ asserts that technology is perhaps the most visible aspect of globalization, “CNN now received in more than 140 countries, computer, television, cable, satellite laser, fibre optic, and microchip technologies are combining to create a vast interactive communication and information network that can give every person on earth access to every other person and make every datum, every byte, available to every set of eyes” Barber²⁰ further asserts that technology has also aided the increase in international trade and capital flows and enhanced the spread of western values, primarily U.S. values.

Some sceptics however argue that while interdependence and technological advancement have increased in some parts of the world, this is not true in the vast majority of the south.²¹ “Global ‘is not universal” according to Mowlana ²². Though a small number of the people in the South may have access too much of the new technology and truly live in the “Global Village” the large majority of the population in these countries do not. In most African countries for example, there are fewer than four televisions for every 100 People (UNDP 1996). There are fewer phone lines in Sub-Saharan Africa than in Manhattan according to Redfern, and of the 600 million telephones in the world, 450 of them are located in nine countries, Toffler and Toffler²³.

¹⁹ Inyer, Pico, “The Global Village Finally Arrives.” Time 21, no 142 (Special Issue) 1993

²⁰ Barber, Berfamin R. Jihad versus Mc World.(New York; Ballentine Books 1996)

²¹ The term the south, the developing countries, the less developed countries and third world are used interchangeably.

²² Mowlana H ‘The Communication Paradox,’ Bulletin of Atomic Scientist 51, No. 4

²³ Toffler A & Toffler H Economics Times Zones; Fast Versus Slow, New Perspectives Quarterly 8, No 4, 1991

Even those in the south that have access to radio or television, are at a disadvantage. The globalization of communication in the less developed countries typically is a one way proposition, the people do not control the information; they only receive it. It is also true that worldwide, the ability to control or generate broadcast rests in the hands of tiny minority.

Snarr²⁴ argues that the break up of Soviet Union and Yugoslavia, as well as the great number of other ethnic and national conflicts are evidence of forces countering globalization. Many sub-national groups desire to govern themselves, others see threats to their religious values and identifies and therefore reflect the secular nature of globalization.

According to the World Bank,²⁵ the impact of globalization on countries economic growth have been mixed; there are gainers and losers; Growth has been unevenly contributed across countries. In terms of per capita growth, only 16 developing countries grew at more than 3 per cent per annum between 1985 and 2000. In contrast, 55 developing countries grew at less than 2 per cent per annum, and of these 23 suffered negative growth. In Kenya, the economy grew at 0.7 per cent in the year 2002.

At the same time, the income gap between the richest and poorest countries increased significantly. This uneven pattern of growth is shaping a new global economic

²⁴ Snarr & Snarr (Eds) *Introducing Global Issues*, (London :Lynne Reinner Publishers 1998)

²⁵ World Bank, *World Development Indicators 2003*, online version and World Bank, *Global Economic Prospect 2004*

geography as the LDCs including most of Sub-Saharan are excluded from benefits of globalization.

There is also literature dealing with globalization and labour. The social impact of globalization goes beyond economic performance. According to the latest ILO²⁶ estimates, open unemployment has increased over the decade to about 188 million in 2003 in developing world. Unemployment and increased job losses have been occasioned by technological advancement. Open markets have also led to massive importation of cheap substandard goods especially in LDCs. Proponents of liberalization; like Syrian de Silva²⁷ however, argue that 'openness' has brought a wide choice of goods hitherto not available, that cheap goods also mean improved standards of living.

The results of globalization have been mixed; there are gainers and losers. Since trade performance influences economic growth, globalization has altered the growth trajectories of countries. It has had impact on global income inequalities. There is widespread concern that poorer countries are systematically the losers and richer countries the gainers.

The gap between rich and poor is widening all over the world. In 1960, the income gap between the 20% richest and 20% poorest in the world was 30 to 1. This rose to 60 to 1 in 1990 and to around 75 to 1 at the end of last century. According to the World Bank report the income levels in Sub-Saharan Africa have fallen by 0.7% a year over

²⁶ Economic Survey 2003 G O K/ ILO, Global Employment Trend, 2002

²⁷ Sriyan de Silva, Is Globalisation the reason for national socio-economic problem? (Geneva, ILO 2001)

the last twenty years while average incomes in industrialized countries grew by 2.0%. Globalization is blamed for increased poverty and inequality among countries. Some critics differ and state that the concern is that of global exclusion of the LDC.

There is apprehension that competition in attracting FDI may lead to lowering of labour standards²⁸ relative to wages, welfare benefits, and tax environmental control. That globalization may have set in motion 'race to the bottom'²⁹ as they compete for investments and jobs. On the other hand, pro-globalisation advocates the case for globalisation as having potential to boost productivity and living standards everywhere.³⁰

Ghose³¹ is of the opinion that the assertion that countries lowering labour standards to attract foreign investment is open to challenge, investors are less interested in lower labour standards than in numerous other factors such as productivity stability, government economic policies and business environment in general.

Critics of globalisation especially trade unions are also concerned about job losses occasioned by technological advancement. The fears were expressed by a participant from Philippines who pointed out that "there is no point to a globalization that reduces the price of a child's shoes but cost the father his job."³² Open markets have also led to massive importation of cheap substandard goods especially in LDCs. Proponents

²⁸ Labour standards referred in this context are "core" ILO standards relating to the freedom of association, the right to collective bargaining and elimination of child labour, forced labour and discrimination in employment.

²⁹ Interpreted to mean dilution of labour standards by developing countries in their eagerness to expand manufacture exports and to attract foreign capital

³⁰ See *The Economist* 1st October, 1977

³¹ Ghose, K.A. *Jobs and Incomes in a Globalising World*. (Geneva, ILO, 2003)

³² See *World of Work: Towards a Fair Globalization*. (Geneva, ILO, March 2004)

of liberalization however, argue that 'openness' has brought a wide choice of goods hitherto not available, that cheaper goods also mean improved standards of living.

According to an ILO³³ report widespread concerns were expressed on migration in both sending and receiving countries alike. In addition to brain drain, which undermines efforts to build national economy, poor migrants from all regions often find themselves especially women driven into illegal economy in countries of destination.

According to de Silvia,³⁴ globalization limits a country's' ability to adopt policies independent of, or uninfluenced by, events elsewhere. The 'conditionality' imposed by lenders in return for assistance-undermined sovereignty; there is no 'ownership' of the policies, which leads to failure in implementation. He further, argues that globalization has the merit of compelling inefficient economies to institute reforms as a precondition to effective participation in world economy. Though some measures are controversial others are desirable.

To its fiercest critics,³⁵ globalization is the march to international capitalism, which thrives on Poverty³⁶. According to the World Bank 45 per cent of World population live on less than 2 dollars a day. The strategies applied to combat poverty were

³³ ibid

³⁴ Is Globalisation the reason for national socio-economic problems? (Geneva, ILO 2001)

³⁵ See The Economist 27th September, 2001

³⁶ In 1990, 2.7 billion people were living on less than 2dollars a day. In 1988, the number of poor living on less than a dollar is estimated at 2.8billion. World Bank Global Economic Prospects and the Developing Countries. Washington DC, World Bank, 2000, Pp.29 Also see World Development Report and World Economic Indicators. annual publication of the World Bank.

failing due to the 'conditionality' attached by the IMF. Frunkin,³⁷ further argues that globalization has led to a decline in development assistance funds as countries compete for resources.

It is argued that government and employers are less able to undertake or maintain high levels of social benefit achieved through social bargains (in relation to redundancy, minimum wage, job security etc) due to a combination of factors such as capital mobility, competition and reduced tax base. That globalization makes it difficult to provide social insurance to protect workers against job losses that may ensue due to free trade.

Stiglitz³⁸ argues that western countries push the poor countries to eliminate trade barriers, but keep up their own barriers preventing developing countries from exporting their agricultural products and by doing so depriving them of desperately needed export income. Industrial countries continued to subsidize agriculture while insisting developing countries eliminate their subsidies. The result is that some of the poorest countries in the world are made worse of.

It is imperative to note that globalization itself is neither good nor bad. And as Stiglitz noted "*it has power to do enormous good, as in the countries in East Asia who embraced it*" under their own terms at their own pace it had enormous success. For many, it had "*unmitigated disaster*" globalization can be reshaped when it is properly run with all countries having a say in policies affecting them. There is a possibility it

³⁷ J Nye & J Danhue Governance in a Globalizing World. Washington DC, Brookings Institution Press, 2000

³⁸ Stiglitz J. Globalisation and Its Discontent. (London: Penguin Books, 2002).

will help create a new global economy in which growth is more sustainable and less volatile and the fruits of the growth equitably shared.

Samuelson,³⁹ aptly summarized the concern of globalization, he stated: -

“Economic interdependence cuts both ways, under favourable conditions it helps everyone, under unfavourable conditions it hurts everyone. Globalization promise may exceed its peril – but the peril is still real.”

Labour according to Fleisher,⁴⁰ is an essential ingredient of production of nearly every commodity, along with other resources. Labour is highly refined resource and appears in much variety.

Labour is a unique, factor of production mainly because it's inseparable from the human being in which it is embodied. Thus no money matters are much more important in decision about allocation of labour than almost anything else. One important aspect of physical inseparability of labour power and human being is that our social mores have led us to outlaw certain of contracts between sellers and buyers of labour, which are perfectly legitimate between seller and buyer of anything.

While conceding with the assertion that labour is an input in production system, Clegg, asserts that firms hire labour only in the expectation of profit. If it ceases to make money for the firm, it is dismissed. Firms however, have the responsibility of treating labour as both an input and as people.

³⁹ Samuelson P. Economics. (New York, McGraw Hill 1980).

⁴⁰ Fleisher, B Labour Economics. Theory Evidence and Policy.(Prentice Hall, 1980).

Labour, unlike other factors of production can, and do organize their efforts by forming trade unions. Labour union Chamberlain,⁴¹ argues, performs dual functions of first, try to achieve some redistribution of nation's wealth by raising wages and earnings of its' members. The effect is to improve living standards and in the process become better able to provide against involuntary changes in its economic position. Second objective is to provide security. Through various types of welfare funds, unions have sought protection against major economic hazards to which their members are subjected to Chamberlain⁴² outlines some of the objectives, which labour seek: -

- Steady employment providing adequate income
- Providing progressive improvement of living standards
- Rationalization of personnel polices provides assurance of fair treatment and equal justice
- A voice in decision affecting his welfare
- Pressure assurance for higher wages
- Protection from economic hazards beyond his control
- Recognition and participation

Globalisation according to an ILO report⁴³ seems to run counter to human labour. Though it has led to increased trade, higher production and rising foreign investment, at the same time, has led to less employment, higher unemployment and fewer rights for

⁴¹ Chamberlain, D. The Labour Sector (McGraw Hill Book Company 1971)

⁴² Ibid p.65

workers, despite there being 20 ILO conventions and recommendations relevant to agriculture and occupation and safety in the sector.

Labour relations have also undergone changes; according to Reece, there is rapid growth of temporary and contractual workers. The percentage of workers joining trade unions has decreased as pay increase is being pegged on performance. The evolution has led to most trade union leaders choosing to work closely with management to achieve common goals rather than perpetuate the traditional adversarial relationship.

Social protection is an important aspect of material well being of any worker. In Kenya, as in other parts of the world, labour intensive enterprises have adopted labour management principles that were developed in western countries some of which are paternalistic and negative. Some multinationals have been reported to be unable to account for labour practises of their subsidiaries as they flout laid down labour code. They fail to understand that labour is the most valuable input in the process of social economic development.

Mwamdzingo⁴⁴ argues that the coverage of social security in Sub-Sahara is around 10% mainly due to dominance of rural and informal sector. The fact that workers in the agriculture sector form the majority of working population in Africa and are excluded from social security scheme is a fundamental weakness that calls for action. There is

⁴³ Note the proceedings, tripartite meeting on moving to Sustainable agriculture through Modernization of Agriculture and Employment in a Globalized Economy. Geneva, 18-22 Sept 2002

⁴⁴ Mwamdzingo, M. Addressing the Decent Work Deficit in Africa Agriculture Priority Issues. ILO (Geneva, 2003)

need to develop income support system for the most vulnerable groups and development of community based mutual support system encouraged.

The various labour legislations provide the minimum labour standards to be adhered to. They specify the minimum wages and conditions of employment, working hours, overtime rate, holiday rate, and housing among other working conditions.

From this review, the authors have identified the pro and cons of globalization, which affect everyone whether they chose to participate or not. However, the inquiry and analysis have not come up with a policy for intervention especially in the labour sector. It is the task of this research to investigate and come up with a comprehensive policy framework that will be useful in labour management in the commercial agriculture sector in the country. Globalization if well managed should be a source of prosperity as in the case of East Asia. The contradiction has arisen when globalization is not well-managed giving rise to suspicion, anxiety and apprehension. Governments must take active role in pacing and sequencing reforms advocated by development partners. The study of commercial agriculture is unique in that Kenya relies on agriculture and 80 per cent of its manpower are employed in this sector hence need for policy in structural reforms.

1.5 HYPOTHESES

In analysing the social and labour effects of globalization we are basically making the following hypotheses

- i) Globalisation has led to insecurity among workers⁴⁵ in commercial agriculture in Kenya.
- i) Globalization has led to unequal distribution of benefits among countries, communities and individuals..

- ii) The pace and direction of globalization can be regulated through appropriate policies.

1.6 JUSTIFICATION OF THE STUDY

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Globalisation is being challenged around the world⁴⁶. There is discontent with globalization, and rightfully so. It can however, be a force for good as it has helped millions attain higher standards of living. But for millions of people, globalization has not worked. Many have actually been made worse off, as they have seen their jobs destroyed and their lives more insecure. They have felt increasingly powerless against forces beyond their control. The mindset around globalisation must change, as globalization is not entirely an economic phenomenon, it affects all aspects of life.

Globalisation also poses a danger in the agriculture sector.⁴⁷ The concerns are threefold: domination by multinational corporations, which sometimes are unable to account for labour practices of their subsidiaries, the vast technological gap between rich and poor countries; and agriculture's role with the sector employing most of the labour force in the poorer countries. The penetration of developing countries by trans-national corporations is bound to increase as they take advantage of the prevailing climate of liberalization. Small-scale farmers could be the casualties in the process, vigilance is therefore called for and the necessary policy changes made.

There is a general lack of information or studies in Kenya focused on social and labour impact of globalisation. Thus the study will fill the gaps and at the same time

⁴⁵ See ILO report on A Fair Globalization: Creating Opportunities For All, Geneva

⁴⁶ Stiglitz J, Globalization and Its Discontent, (London, Penguin Group 2002)

⁴⁷ ILO, Sustainable Agriculture in a Globalized Economy, Geneva, 18-22 September 2000

generate useful information to trade unions, government and firms in designing labour policies aimed at enhancing social justice. It would also identify the policies, which can make globalisation work for all, in ways, which are seen to be fair by all.

1.7 THEORETICAL FRAMEWORK

One broad conceptual framework will inform this study. The global economy should be geared into improving the rights, the livelihood, security and opportunities of the people in the globe. The use of fair trade rules, financial regulation and investments should strengthen the labour and social issues. This can be informed through multilateral trading system and international financial system. The two should articulate policies that are well calculated in time and space. This in turn will help the third world countries develop policies that will accelerate development in an open economic environment.

There is unfair barrier to market access for agricultural goods from developing countries with strong comparative advantage. The developed countries have resorted to unfair trade practices by introducing subsidies on agricultural products to counter the pricing of the products from third world countries. This practice impedes prosperity in Africa despite its comparative advantage in this area.

According to the World commission on Globalisation, economic rules should be complimented by respect for core labour standards. The ILO capacity to promote the core labour standards should be reinforced. All international organisations should assume responsibility to promote policies and standards that are fair and consistent.

Based on this conceptualisation, the study will be able to analyse how the global institutions as agents of globalisation are making efforts to standardise the labour practices in commercial agriculture.

1.8 DEFINITION OF CONCEPTS

Globalisation

According to Ghose is the process of formation of global markets in products as well as in factors of production.”⁴⁸. The term will be understood to mean closer integration and interdependence of countries and people spurred by information technology and communication.

Liberalism

According to Gilpin⁴⁹, liberalism is a doctrine set of principles for organization and managing a market economy in order to achieve maximum efficiency, economic growth and individual welfare. The term will be understood to mean commitment to free market, mutual beneficial exchange, and private property ownership.

International Labour Standards

According to the ILO⁵⁰, they are principles and norms concerning labour and related issues, which take the form of Conventions and Recommendations adopted by the annual international labour conference of the International Labour Organization. Two features characterize the standards; they are universal as they are intended to apply in all member states, they also possess certain flexibility – Labour Standards will be

⁴⁸ See Ghose, A.K. *Jobs incomes in a Globalizing World* (Geneva, ILO 2003) p.5

⁴⁹ Gilpin R.T. *The Political Economy on International Relations*. (Princeton University Press, 1987)

⁵⁰ See ILO; *The ILO What it is and What it does*. (Geneva, 2002)

understood to mean norms and principles concerning labour matters set down in policy or legislation.

1.8. METHODOLOGY

The study will utilize both primary and secondary data. Primary data will be gathered through field visits where structure and unstructured interviews will be conducted. Data will also be sourced from a wide range of both published and unpublished material. Books, journals, periodicals, newspapers as well as the Internet will be utilized to provide useful and latest information.

1.10. CHAPTER OUTLINE

Chapter 1: Thematic overview of the study, Statement of the problem, Objectives, Literature review, Hypothesis, Justification of the study, Methodology and Definition of concepts.

Chapter 2: An overview of Nature and Impact of Globalisation; Meaning and Evolution. Key characteristics of Globalisation, Trade, Financial Flows, Foreign Direct Investments, Information Technology Deregulation and Liberalisation.

Impact of Globalisation on Economic growth, Uneven impact across countries Impact on trade and Investments, Financial Liberalization, Employment, Inequality and Poverty, Summary.

Chapter 3: An overview of commercial agriculture sector in Kenya. Issues

Addressed include: Agricultural performance since Independence, Constraints to Agricultural sector growth in Kenya, Policy reforms in Agriculture, International Agreements and Agriculture, Labour Markets reforms and effect in Agriculture, Agriculture share in Employment, Labour Productivity in Agriculture, Summary.

Chapter 4: An overview of Labour relations in Kenya.

Issue addressed include: Child labour and Globalisation, Gender, International Action to promote Equal Employment opportunity, HIV/AIDS in the Commercial agriculture Sector, Poverty; Nature and Incidence, Poverty Reduction in Commercial Agriculture, Social Security occupational health and safety, Summary.

Chapter 5: Critical Analysis of Globalisation in the Commercial Agriculture sector

Chapter 6: Summary Recommendation and conclusions.

CHAPTER 2

2.0. GLOBALIZATION: OVERVIEW, NATURE AND IMPACT

This chapter explores the basic concept of globalisation. Some fundamental definitions and the evolution of the concept are also explained. The characteristics that govern the globalisation process together with the institutions that have facilitated the process are also highlighted. Finally, an overview of the impact of this process on countries and people will be examined. The analysis will provide a better understanding of the concept and its effect especially in the commercial agriculture as analysed in the next chapter.

2.1. Globalization: Meaning and Evolution

Globalisation is a complex phenomenon that has had far reaching effects. Not surprisingly, therefore, the term 'globalisation' has acquired many emotive connotations and become a hotly contested issue in current political discourse. At one extreme, globalization is seen as an irresistible and benign force for delivering economic prosperity to people throughout the world. At the other, it is blamed as a source of all contemporary ills⁵¹.

Friedman summarizes the popular perception on globalization as *the inexorable integration of markets, nation states and technologies to a degree never witnessed before in a way that is enabling individuals, corporation and nation states to reach the world farther, faster, deeper and cheaper than ever before*. There are also broader

⁵¹ A Fair Globalization; Creating Opportunities for all (Geneva;ILO) Pp.24 also see Globalization: <http://www.imf.org/external/np/exr/ib/2000/041200.htm>

cultural, political and environmental dimension of globalization, however the chapter will focus on economic dimension and how it affects labour.

Globalization is not a recent phenomena, however the term has come into recent usage since the 1980s. It refers to an extension beyond the same market forces that have operated for centuries at all level of human economic activity village markets, urban industries, or financial centres.

The current process of Globalisation unlike similar episodes in the past has seen vast reduction in the cost of moving information, people, goods and capital across the globe. Communication is cheap and instantaneous. This has expanded economic transactions across the world with markets becoming global in scope, expanding wide range of goods and services.

Another distinct feature of the current process of globalisation is the absence of massive cross-boarder movements of people. While goods, firms and money are largely free to criss-cross borders, people are not.

2.2. Key Characteristics of Globalisation

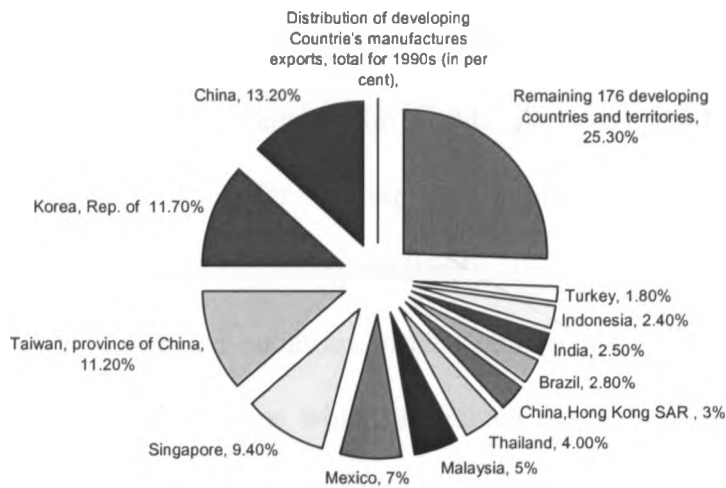
2.2.0. Trade

Since 1986, world trade has grown significantly faster than world Gross Domestic Produce. This is as a result of fewer restrictions on trade and due to worldwide agreements on trade liberalisation in an increasing number of sectors. At the regional level, the establishment of free trade areas and other regional economic arrangements has stimulated a higher level of trade among participating countries.

Trade expansion did not however occur uniformly across all countries, industrialized countries and a group of twelve developing countries accounted for the lion share. See Figure 2.1

FIGURE 2.1

Distribution of developing country's manufactures export, total for 1990s (in per cent)



Combined share of top 12 countries and territories: 74.67%

Source: Based on UNCTAD, Handbook of Statistics 2002(on CD-ROM).

The LDCs, experienced a decline in their share of world markets despite having implemented trade liberalization measures. This is attributed to the decline of primary commodities in world exports such as food and raw materials that are often produced by poor countries. The NIEs on the other hand export manufactured goods that are in high demand in LDCs.

In Kenya, value and volume of international trade has increased tremendously and it stood at 464,997 million in 2003⁵². The direction of trade too has changed with African countries being the major destination of Kenya's exports.

2.2.1 Financial Flows

The collapse of Bretton Wood exchange rate in 1970 led to introduction of flexible exchange rates. Many capital controls at national levels were removed. This was followed in the 1980s by significant deregulation of the financial sector. The result was enormous movement of capital around the world. Daily transactions amount to over US\$ 1.5 trillion. Cross border lending has exploded and new financial institutions are developing and restructuring constantly. However, the financial flows remain concentrated in developed countries, fifteen emerging economies mainly in East Asia, Latin America and Europe which accounted for 85% of net long term private capital flow for developing countries in 1997. Sub-Sahara Africa as a whole received only 2 per cent of the total⁵³

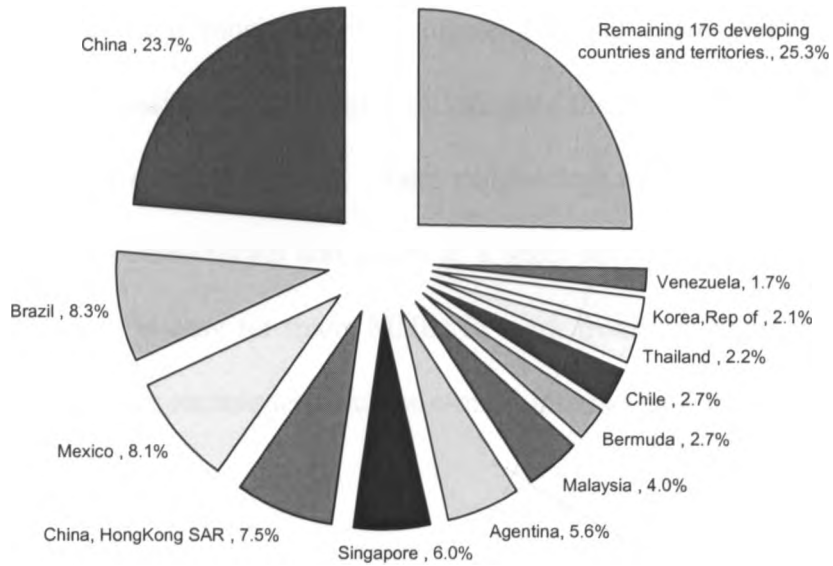
2.2.2 Foreign Direct Investment

The policy environment world wide since 1980 has been more conducive to the growth of FDI. Over the 1990s, the number of countries adopting significant liberalisation measures towards FDI increased down despite the rapid growth of FDI flows to developing countries; investments remain highly concentrated in about ten of these countries. This is illustrated in Figure 2.2

⁵² Economic Survey 2004, (Nairobi, Government Printers).

⁵³ Poverty in an Age of Globalization. (World Bank Publication) p.5

FIGURE 2.2: Distribution of FDI inflows to developing countries, total for 1990s
(in per cent)



Combined share of top 12 countries and territories: 74.74%

Source: UNCTAD, Handbook of statistic 2002 (on CD ROM)

Multinational enterprises MNES, which engage in foreign direct investment, play an important role in capital movement in the global economy. According to world investment report UNCTAD, the sale by foreign operations of multinational in 1999 amounted in total to US\$14,000 billion.⁵⁴ This was nearly twice as high as the value

⁵⁴ UNCTAD, World Investment Report, 2000.p.32

of world export. In other words FDI is a much more powerful and visible aspect of globalisation than world trade.

2.2.3 Information Technology

The technological revolution in information processing, communication and transportation has made it much easier to create a global chain and distribution network. It makes it easier for companies to integrate their subsidiaries as well as build ties with suppliers and customers. There is often less need for proximity since the management can communicate and travel at a short notice to meet customer or management needs. It is easy for many MNEs to work from and in any part of the world: The use of newer techniques, such as e-mail, internet and video conferences, reduces problem of distance.

Technology also facilitates the rapid flow of capital worldwide making the global-capital market a reality. The fact that international financial transfers can be done in a few seconds is not only changing the way companies behave, but is also further encouraging financial stability and instability. Work relations and production techniques have been impacted both negatively and positively⁵⁵.

The technological change and global connectivity has also generated an information and knowledge gap between countries, the so-called “digital divide.” About half the world’s population has never made a phone call, while Africa has only 2 per cent of the world’s telephone main lines. Only 2.4 per cent of the world population are users of Internet almost all of who are concentrated in OECD countries. While roughly 90

per cent of Internet host computers are located in high-income countries that account for only 16 per cent of world population. Meanwhile the 10 per cent remaining is located in low-income countries that account for 84 per cent of the world population. Overcoming this digital divide is going to be a key challenge for developing countries in the coming years.

2.2.4 Deregulation and Liberalisation

Most countries as a result of global regional and bilateral trade and investment negotiations lowered barriers to trade and investment by late 1980s and early 1990s. These barriers include trade quotas, tariffs as well as national capital control. This trend is worldwide. The financial institutions, such as World Bank and IMF, are also partially responsible through encouraging and facilitate the introduction of market based economic policies in their programmes. Bergstern⁵⁶ describes the 1990s as an era of competitive liberalization he asserts that ‘success in global economy require countries to compete effectively in international markets rather than simply at home’ With the collapse of the Soviet bloc, many formerly centrally planned economics increased their participation in and exposure to the global market as well.

Many developing countries under the pressure of structural adjustment programmes of IMF and World Bank also moved to a market economy. The economic reforms often involved privatization and reduction of public service.

⁵⁵ ILO World Employment Report 2001, Life at Work in the Information Economy p.65

⁵⁶ Bergsten, C. Fred 1997 Competitive Liberalization and Global Free Trade: A Vision for the Early 21st Century, APEC Working Paper 96_15 Washington DC

2.3 THE IMPACT OF GLOBALIZATION

The combined and interactive effect of these developments in trade, FDI, technology finance and deregulation, has had a profound and varying impact on different economic sectors, types of enterprises, categories of workers and social group. This section highlights some of the far-reaching changes that have occurred.

2.3.1. Impact on Economic Growth

The impact of globalization on economic growth both globally and across countries has been varied. Growth has been both unevenly distributed across countries, among both industrialised and developing countries. Only 16 developing countries grew at more than 3 per cent per annum, in terms of per capita income growth between 1985 and 2000 (see table 2.1). In contrast, 55 developing countries grew at less than 2 per cent per annum, and of these 23 suffered negative growth.

The income gap between the richest and poorest countries also increased significantly. This uneven pattern of growth is shaping a new global economic geography.

Table 2.1. The economic performance of developing countries (grouped by growth performance) compared to industrial and transition countries.

	Industrial Countries	<u>Developing Countries with growth rate per capita GDP of</u>					Transitional Countries		
		<u>>3%²</u>	<u>2%-3%</u>	<u>1%-2%</u>	<u>0%-1%</u>	<u><0%</u>			
Number of countries	22	16	14	12	20	14	23	17	
% shared of world population (2001) ³	13.8	44.7	7.1	5.6	10.3	7.5	4.8	5.3	
GDP growth (in %), 1985-2001	2.5	7.3	6.2	4.2	3.4	2.3	1.8	-1.1	
Population growth (in %), 1985-2001	0.65	1.5	1.6	2	2.2	2.1	2.6	-0.3	
% Shared in global trade (including transition countries)	1991	53.9	18.5	10.3	3.2	6.6	3.1	4.7	10
	2001	48.4	26.6	11.3	2.9	6.7	3	3.6	8.9
% Shared in global FDI (including transition countries)	1991	54.4	24.6	13.7	2.2	10.2	3	2.9	2.7
	2001	52.9	22.2	2.7	2	5.8	6.9	4.3	5.8

NOTE: 1. Growth rates for transition countries are calculated for the period 1991-2002. 2. The second column Excludes China and India. 3. The 124 countries included in the sample accounted for 92 per cent of the estimated world population of 6,129 million in 2001

Source: The basic data are taken from the World Development Indicators (CD-ROM, 2003).

2.3.2 Uneven Impact across countries

The benefits of globalisation are highly uneven among countries. The industrialized countries were better placed to gain substantial benefits due to their initial strong economic base, abundance of capital and skill and technological leadership. The other groups that significantly reaped the benefits of globalisation was the minority of developing countries that have been highly successful in increasing their exports and

attracting large inflows of FDI. They include NIEs of East Asia, the EU accession countries, and Latin American countries such as Mexico and Chile.

At the other extreme, the exclusion of the LDCs, including most of Sub-Sahara Africa from the benefits of globalization remains, a stubborn reality. The LDCs are trapped in a vicious circle of interlocking handicaps including poverty and illiteracy, civil strife, poor governance and inflexible economies largely depend on one commodity. In addition, most are highly indebted and hard hit by continuing decline in the price of primary commodities. Continuing agricultural protectionist in the industrialized countries has compounded these problems. This restricts market access while subsidised imports undermine local agricultural products.

2.3.3 The Impact of Trade Investment and Financial Liberalization

There is no universal prescription for the best approach to trade liberalization. Difference in country circumstances warrants different strategies of trade liberalization⁵⁷. There is thus no simple universally valid prescription on the best approach to trade liberalization.

Evidence suggests that with respect to FDI, foreign investment does increase growth, however evidence on the employment impact is sparse and does not permit simple generalization. FDIs can potentially raise the growth rate if there are spill over benefits from the transfer of technology and skills to the local economy. In this case,

⁵⁷ Francisco Rodriguez, and Dani Rodrik: "Trade Policy and Economic Growth: A Sceptics Guide to the cross-National Evidence" in B. Bernanke and K. Rogoff: NBER Macroeconomics Annual 2000 (CAMBRIDGE,MA,MIT Press,2000)

the investment raises labour productivity and incomes and hence extends a positive effect on growth and employment.

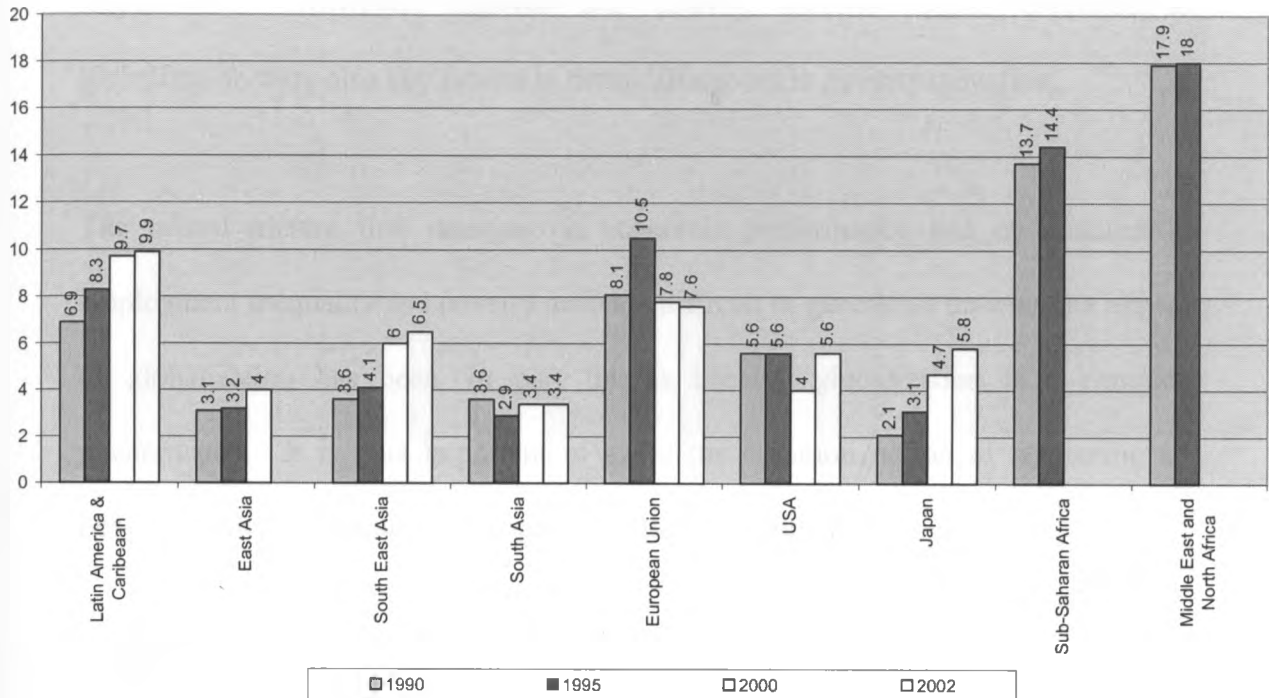
Growth benefits derived from capital account liberalization are small. The loans to developing countries have been questioned as potential benefit in terms of increased access to international financial markets have often been reduced or negated by instability. This problem is particularly acute for countries with poorly regulated financial system. Financial liberalization has in some cases led to misallocation of resources and an increase in the real cost of capital. The real cost of capital also increased when Governments raises interest rates in order to maintain the exchange rate stability. Other side effects of financial openness have been the need to maintain significantly higher level of foreign exchange reserves and greater vulnerability to the flight of domestic capital.

2.3.4 Employment, Inequality and Poverty

According to the ILO estimates open unemployment has increased over the last decade to about 188m in 2003. Unemployment rates have increased across the regions due to various factors of globalisation. Figure 2.3 illustrates these trends globally.

FIGURE 2.3: Open Unemployment Rates for Various Regions of the World, 1990 – 2002 (in Per Cent).

Open unemployment rates for various regions of the World, 1990-2002 (in per cent)



Source: ILO, *Global Employment Trends 2002*

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In East Asia one factor behind the rise in unemployment was the financial crises at the end of the 1990s. In industrialized countries employment performance has been mixed with some countries like Japan experiencing increase in employment while European countries including UK experienced a decline.

In Kenya, the structure of employment is such that majority of population depend on rural small-scale farming and pastrolists activities. The impact of globalization on poverty is difficult to assess. Though the number of people living in absolute poverty worldwide has declined is significantly from 1,237 million in 1990 to 1,100 million in

2000⁵⁸. They account for changes in China and India where 38% of the world population live. Elsewhere, in sub-Saharan Africa, Europe and Central Asia, and Latin America and the Caribbean, Poverty has increased by 82, 14 and 8 million, respectively. However, regional and country specific factors unrelated to globalization were also key factors in these differences in poverty reduction.

The mixed picture that emerges on economic performance and on changes in employment inequality and poverty makes it difficult to generalize on what the impact of globalization has been. In part this is because globalization is a complex phenomenon. It is thus important to avoid the common notion of attributing all observed outcomes, positive or negative, entirely to globalization.

Summary

Globalisation in general is observed as a phenomenon that permeates into every sector of human activity. It had been demonstrated in this chapter that socio-economic changes that impact on global issues spring from the core countries whose economies are developed or are developing at very high rates. The net impact, that is usually negative settles on the third world countries. The third world countries have borne the constraints of globalisation and continue to face difficulties in conforming to challenges of globalisation. On the one hand these countries are engulfed in extremes of poverty and on the other their population growth rates are too high. This discrepancy hinders effective economic planning and diminishes resources for economic investment. This chapter had laid a foundation for viewing globalisation

⁵⁸ See World Bank, Global Economic Prospects 2004 p.23

and its negative impact on socio-economic dimensions of labour in developing countries. The next chapter shall focus on the impact of globalisation on the agricultural sector in Kenya.

CHAPTER 3

3.0 THE COMMEERCIAL AGRICULTURAL SECTOR IN KENYA

This chapter gives an overview of the agricultural sector in general. The sector's performance over the years will be reviewed and constraints hindering performance including policy reforms undertaken with the onset of globalization. This section will also examine labour market reform and the sector's share in employment.

3.1 OVERVIEW

Agriculture is the single most important sector in Kenya's economy and although its contribution to the Gross Domestic Product (GDP) has declined from 35% in 1964 to about 25% in 2000. It employs 75% of the labour force, provides raw materials for the agro based manufacturing industries which constitute about 70% of all industries and accounts for about 45% of Government revenue. Agriculture is therefore the mainstay of the economy.⁵⁹

Kenya's agriculture consists of both large scale and small-scale production with the latter dominating the sector both in terms of employment and value of farm production. The key role of the sector has further been reaffirmed in the Poverty Reduction Strategy Paper (PRSP) in which agriculture and rural development sector was ranked top priority. Table 3.1 show the trends in the share of agriculture in GDP for the period 1990-2000.

⁵⁹ Government of Kenya, Ministry of Agriculture, Agricultural Sector Review 1999 GoK

Table 3.1: Agricultural GDP and share in total GDP 1990-2000

Year	Agricultures Share in GDP (%)
1990	28.2
1991	27.3
1992	26.2
1993	25.1
1994	25.0
1995	25.0
1996	25.0
1997	24.7
1998	24.6
1999	24.5
2000	24.0

Source: Statistical Abstract 2001

The trend in the sector's share shows a decline in GDP's contribution over the years which could be attributed to a combination of factors namely occasional and severe weather conditions, slowdown in generation of new technology, scarcity of investment funds in the sector, fluctuation of international prices of agricultural produce and domestic inflation.

3.1.1. Agriculture Performance since Independence

Past growth in agriculture sector can be categorized into two distinct periods. The first period from 1963 to 1980 was characterized by the rapid growth of the sector. This was fuelled by heavy government and donor involvement through subsidized services

and inputs. Within the second period from 1980 to the present, the sector has faced major crises due to scarcity of funds fluctuation in international prices and inflation.

In the decade after independence agriculture grew at an impressive 4.7% per annum largely due to area expansion and increase in yields due to high yielding varieties. In the latter half of the 1970s it declined to around 3% per annum and continued at this level in the 1980 due to exogenous and endogenous factors. The major contributory exogenous factor include the oil shocks of 1973 and 1979, and fluctuation in international commodity prices especially the “booms” and “burst” in coffee and tea prices.

The main hindrance to growth in the early 1980s was drought of 1980-1982 and even more sever drought of 1984/5. Between 1985-1990 Kenya experienced exceptionally period of conducive climate with rains ranging from optimal to more than adequate. This coupled with increases in producer prices led to generally strong growth in agricultural output.

In 1990s the growth rates declined steeply. Since 1988 the economy in general has been experiencing both internal and external shocks. Internal changes due to political change, unreliable rainfall and external pressure by donors for structural changes in the economy negatively impacted on the economy. Internationally the sector has been affected by fluctuation in prices of coffee tea as well as withdrawal of donor aid.

3.1.2. Constraints to Agricultural Sector Growth in Kenya

Despite the importance of the agricultural sector in employment creation, Kenya has never experienced sustained growth rates for three consecutive years since 1980. For the first time since independence the agricultural sector recorded negative growth rates for three consecutive years 1999, 1992 and 1993. According to the Agricultural sector review⁶⁰, the sector is now characterized by the following major constraints: -

- **Inadequate rural infrastructure:** Agricultural production is particularly affected during wet season where its increased output is unfortunately accompanied by reduced accessibility due to bad road. Other infrastructural constraints include inadequate electrification, irrigation and telecommunication.
- **High dependency on rain fed production:** Kenyan agricultural production is largely weather determined to the extent that any year characterized by poor rains is also a poor agricultural year. The sector is also vulnerable to international prices for major exports hence the need to expand agricultural base inadequate.
- **Integration/Ordination of major players:** The absence of integrated development in agricultural sector is best exemplified by the fact that development of infrastructure, water, land and settlement is poorly managed. Electricity for rural development has little pragmatic harmony with the Ministry of Agriculture. This can only lead to ineffectiveness in the realization of the growth targets set for the sector.

- **Low Research Priority:** Research development geared towards production of more appropriate crop technologies has slowed down tremendously in the last 10 years. Agricultural research expenditure is still below 2 percent of agricultural GDP recommended by World Bank. There is need to change the current situation if we are to remain competitive.
- **Low Investment in Agriculture:** Investment in the agricultural sector has been low since 1980s. As a proportion of Total Gross Fixed Capital formation, the agricultural share has been, since 1980, below 10 per cent. For a sector that contributes at least 25 per cent of total GDP and is expected to carry the burden of ensuring sustainable economic growth, investments below 10 per cent per annum (of total GFCF) is unlikely to generate meaningful development of the sector on sustainable basis.
- **Agricultural budgetary allocation:** There has been a steady decline in the Governments expenditure on agriculture. Between 1972 and 1980 the government's expenditure averaged 9.1 per cent. From 1980 there has been a steady decline at 8 per cent presently it stands at 7.4 per cent. Given that the sector contributes to one third of GDP and about 45 per cent of Governments revenue, there is need to increase the budgetary allocation to not less than 16 per cent.

3.1.3 Policy Reforms in Agriculture

Kenya started implementing policy reforms for the economy at large in the early 1980s. The focus was on removing government monopoly in the marketing of agricultural commodities and associated price controls which were vested in parastatals, and removal of government control on importing, pricing and distribution of purchasable farm inputs and trade liberalization were aimed at encouraging the private sector to play an important role in the production, marketing and processing of agricultural commodities.

Reforms in macro-policies have also been introduced to provide price incentives to agricultural producers. Removal of restrictions on the exchange retention and remittances and liberalization of interest rates are some of the monetary policy reforms that have been implemented to allow farmers to benefit more from agricultural exports. Government spending has also been reduced through retrenchment in the civil service and this, coupled with reduced government borrowing, should reduce inflation pressures in the economy therefore increasing real earning to agricultural producers.

Despite improved implementation of the policy reforms, agricultural production and food production has been on the decline. This can be attributed to the government's resistance to fully implement the policies as they spelt new challenges and as a result the government kept retracting on rules of liberalizing markets⁶¹. Secondly, though the policies were accepted in principle the legal framework to support operations of

⁶¹ Example maize industry in which, in the late 80s and early 90s the government kept implementing reforms and retracting on the same until 1993 when serious implementation of policy reforms started.

the emerging policies were not put in place. In essence the liberalized market policy reforms were characterized by;

- Illogical sequencing, which disrupted market operations.
- Improper timing that kept policies out of pace with institutional capacity
- Instability in policies, which reduces investors' confidence.
- Lack of harmony and coordination in implementation of the policies.

3.1.4. International Agreements and Agriculture.

Kenya is a member of many trading grouping with different agreements that are binding to the country and have ramifications on the agricultural sector. The trade grouping include:-

- East African Community (EAC) that has created a customs Union to cover the three East African Countries namely; Kenya, Uganda and Tanzania.
- The Common Market for Eastern and Southern Africa (COMESA) that seeks to establish a free Trade Area for 20 countries in Eastern and Southern Africa;
- The Caribbean Pacific – European Union ACP-EU group in which the ACP countries receive preferential trade managements from EU.
- The WTO, which is the umbrella body for the World Multilateral trade agreements. Kenya also benefits from preferential tariff treatments under the Generalized Systems of Preferences (GSP).

The various agreements have impacted on the agricultural sector differently. The impacts include: doing away with non-tariff barriers as required by AOA, reduction

on spending in agriculture from 10% in the 1980s to about 5% in the 1990s, reduction or removal of tariffs, and liberalization and removal of monopolies.

The effect has been mixed performances with domestic prices fluctuating. The major concern however is to ensure a speedy recovery to the growth rate of at least 4% or higher per annum. Given the importance of the sector in economy.

3.1.5. Labour Market Reforms and Effect in Agriculture

Labour market reforms were aimed at eliminating distortions in the market to allow efficient resource allocation. Efficient operations of the labour market in developing countries is important because the market has a major role to play in their economies.⁶² In Kenya, the labour market has undergone considerable liberalization in the last few years. By mid 1994, the Government had allowed trade unions to seek compensation for price increases without hindrance through wages guidelines. Relaxation of the wage guidelines made it possible for employees and firms to negotiate and change the level of wages on basis of productivity and performance rather than on the basis of cost of living indices, as was hitherto the case.⁶³ Firms were also allowed to appeal against wages awarded by the Industrial Court if they felt that such wages award affect their survival.

The redundancy law was also amended in 1994 to allow firms to more easily discharge redundant workers when necessary after it became evident that local firms especially agriculture based faced stiff competition from imports caused by the trade

⁶² Manda, K.D. Globalization and the Labour Market in Kenya 2002 Kippra

⁶³ Ikiara, G.K & Ndungu, Employment and Labour Market During Adjustment: The case of Kenya. ILO, Geneva

reforms.⁶⁴ The measures were to allow firms restructure their operations in response to economic adjustment taking place in the country. Firms can now declare workers redundant at will without seeking approval from the Ministry of Labour. The effect of these changes has been a significant shift of surplus labour to the informal sector and agricultural sector.

3.1.6. Agriculture Share in Employment

Agriculture has continued to be a major contributor to employment in the economy. It has been the leading contributor to private sector employment in wage employment and second in public sector. Overall it is the second largest contributor to wage employment after community, social and personal services.⁶⁵

Coffee and tea are the major contributors of wage employment in the agriculture sector. The two sub sectors alone contribute about 15% of total employment in the sector as at 1997.⁶⁶ Agriculture remains a major employer of female labour and a source of livelihood for the majority of the population especially in the rural areas constitute 25% of female wage employment in the modern sector. However, female wage employment has been consistently below male employment as shown in Table 3.2.

⁶⁴ Finance Bill. Government of Kenya, 1994

⁶⁵ Statistical Abstract Government of Kenya, 2001

⁶⁶ The sessional paper Number one of 1986 on Economic Management for Renewed Growth emphasis the need for employment goals to emphasis such high value crops.

Table 3.2: Wage Employment in Agriculture by Sex, 1990 –2000 (000s)

YEAR	MALE	FEMALE	TOTAL
1990	205.3	64.4	269.7
1991	207	65	272
1992	208	64.4	272.4
1993	209.7	64.6	274.3
1994	215.4	65.3	280.7
1995	222.8	71.2	294
1996	226.4	76.6	303
1997	230	75.6	305.6
1998	232.3	76.5	308.8
1999	234	77.3	311.3
2000	234	77.5	311.5

Source: Statistical Abstract 2001

This can be explained by the fact that most women are engaged in non-wage employment and unpaid family labour (CBS 1996). Agriculture remains a major employer of female labour and a source of livelihood for the majority of population especially in the rural areas.

3.1.7. Labour Productivity in Agriculture

Labour productivity, which is the average output per worker, is determined by a number of factors they include.

- Level of technology applied
- Management and technical skills of the labour force
- Other output employment per worker especially capital.
- Real wages in the labour market also stimulate productivity by stimulating aggregate demand in the economy.

Measures of Labour productivity require the computation of both output and labour inputs. In agriculture it is computed using the total value of agriculture products and total employment in agriculture. Labour productivity computed below in Table 3.3 is for major activities, coffee, tea and sugar cane. For coffee the production is based on estates and cooperatives, for tea data is based for small holders and estates, while sugarcane data is for all categories.

Table 3.3: Labour Productivity for Agriculture and selected commodities

Year	Agriculture (K Mill)	Coffee (*000 tonnes)	Tea (*000 tonnes)	Sugar (*000 tonnes)
1991	4.334	0.746	1.28	
1992	4.166	0.69	1.23	
1993	3.968	0.83	1.37	16.78
1994	3.789	1.66	1.41	12.71
1995	3.990	2.21	1.47	15.07
1996	4.044	0.65	1.18	14.70
1997	4.057	0.65	3.69	14.33
1998	4.068	0.865	3.06	
1999	4.084	1.07	2.97	
2000	3.983	1.61		

Source: Computed from *Economic Surveys, Statistical Abstract*, various issues.

Labour productivity has remained almost constant in the 1990s. The same trend seems to emerge in the selected sectors, except in coffee where there is a major rise in 1994 and 1995. The trend implies there is a need to increase labour productivity in the sector. Measures to increase labour productivity include land use intensification,

increased use of complimentary factors like improved inputs, research and extension. Another implication for low productivity is that although agriculture is a major source of employment in the country, it may be utilized by decreasing return to scale mainly because of lack of alternative employment opportunities in other sectors.

Summary

This chapter has managed to accomplish the basic review of agriculture sector performance since 1963. The issues that emerged have demonstrated that the sector has not been spared by globalisation. The various trends in agricultural productivity and labour participation have shown how the benefits of globalisation are not evenly distributed.

The income levels in the third world cannot be enhanced due to high competition from products in the developed countries. The impact is dissipated as a result of subsidies and highly mechanised technology employed in their agricultural sectors. Insufficient research has also contributed to poor production levels in agriculture. The government funding in this sector is not fulfilling the social desire to improve in agricultural output. It is necessary to review the financial commitments into research.

The chapter has explored the theme of globalisation and its impact on agricultural sector. The features that are marking the incursion of globalisation in this sector are manifested in the policy reforms adopted by governments in an effort to cut down recurrent expenditures. This was a measure put forward by the World Bank. Similarly International Trade Agreements are a feature of globalisation that have

removed barriers to trade. The results has been opening up the local markets to foreign subsidies agricultural products.

Labour market reforms reflect the quest to eliminate distortions in the market to allow efficient resource allocation. The grand effect has been retrenchment en masse to realise high profitability by investors. The agricultural sector has received majority of those retrenched from formal sectors. Without proper skills and low wages in the sector, the majority of its employees have higher poverty ratio. This problem need to be addressed and the next section shall look on the instruments that are in place to fill the gap of labour and social issues in commercial agriculture.

CHAPTER 4

4.0 LABOUR AND SOCIAL ISSUES IN COMMERCIAL AGRICULTURE IN KENYA

This chapter gives an overview of Labour relations in Kenya, labour and social issues arising in the commercial agriculture sector. The chapter also examines to what extent the issues are as a results of globalisation and the impact of the globalisation process in the sector.

4.1 Labour Relations in Kenya: Overview

Kenya is a member of International Labour Organization (ILO) and its' labour policies are thus guided by internationally accepted standards set by the ILO. ⁶⁷ Labour relations are tripartite in nature, comprising of workers, represented by COTU, employers represented by Federation of Kenya employers (FKE) and government through the Ministry of Labour.

The Ministry of Labour is the key government department responsible for initiation, elaboration and implementation of government policy including law and general regulation of industrial relations. In this context, the government is the key player in labour relations system. It is also the largest employer of labour in the country, and in this regard it is bound by industrial relations framework. In general, the Ministry of Labour is responsible for labour administration in the country and administers the following labour legislations:

- The employment Act Chapter 226 of 1976 stipulates the terms and conditions of employment.
- Regulations of wages and conditions of employment Chapter 229 of 1951 provide policy for regulation of wages and conditions of employment either by collective bargaining or through wages councils.
- The Trade Disputes Act, Chapter 234 outlines the provision of settlement of trade disputes in essential services, provides for establishment of board inquiry and a standing Industrial Court to control and regulate strikes and lock out, to make provision regarding the collection of Trade Union dues.
- Factories and other Places of Work, Cap 514, on the other hand provides policy framework for occupational health and safety at the workplace.
- Workmen Compensation Act, Cap. 236, provides for compensation for injuries suffered in the course of employment for workers.
- The Industrial Relations Charter, this is a voluntary agreement between social partners that outlines responsibilities and obligations of the partners in industrial relations matters.
- Other legislations dealing with labour issues include, NSSF Act Cap 258 that provides basic social security and social welfare support to workers against the consequences of social contingencies such as old age, death, employment injury, sickness and disability. NHIF Act Cap 225 of 1966 on the other hand functions to collect contributions from members to pay benefits claims out of the funds

⁶⁷ Kenya has ratified a total of 49 ILO Conventions including seven (7) out of the eight (8) core conventions which are on Right to Organize and Collective Bargain, Elimination of Forced Labour and Compulsory labour.

contributed and to facilitate other means by which the funds could be administered effectively and efficiently.

COTU is the umbrella workers organization in labour relations with thirty-two affiliates⁶⁸. Total membership of COTU is estimated at 250,000 that are less than half of the membership before the retrenchments that started in 1994. The organized workforce represents slightly less than a third of formal wage employment section in the country yielding a union density of 26 per cent in 2000. The reason for decline in union membership is the contraction in the labour market as well as the changing labour markets occasioned by globalization, for example an increase in contractual employment and piecework where employment is offered for a limited period.

Though trade unions are charged with the responsibility of negotiating terms and conditions of their members as well as acting as their representative, the trade union membership is weak in terms of membership and organization. Their resource base has plummeted due to massive retrenchments and are unable to raise adequate resources to meet their needs including paying their staff, this makes them vulnerable to employers machination and are unable to provide critical services to their members.

The FKE is the main employers' voice notably in field of labour relations and human resource management a role that it has performed since independence. FKE has a membership of 2,541 in two categories namely; individual company members and

Abolition of discrimination in Employment and occupation

⁶⁸ The teachers union KNUT along with the civil service union were forced out of COTU in 1965 by a government's directive.

industrial association⁶⁹. FKE experienced decline in membership in the 90s as a result of retrenchments in member companies and in industrial association, which reflected a decline of the economy.

As a leading voice in labour market field, FKE plays an important role in negotiating terms and conditions of employment of their member's undertakings and signing of collective bargaining agreements. Other services provided include training and development, 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. The broadening of FKE's scope beyond the labour market is borne out of the realization that labour market issue are inextricably linked to broader macroeconomics issues.

4.2 ISSUES IN LABOUR RELATIONS

4.2.1 CHILD LABOUR

Child Labour is defined as work undertaken by children in the age between 5-17 years, that prevents them from attending school or inhibits their general growth and development⁷⁰. In Kenya, child labour continues to be one of the most serious socio-economic problems caused by poverty and the prevailing worsening economic situation. It is estimated that there are about 1.9 million children working, of whom 34% are in commercial agriculture and fisheries, 23.6% in subsistence while 17.9% are in the domestic sector and 24.5% in other sectors namely street children, hawking, herding and early marriage⁷¹.

⁶⁹ See Annual Report FKE 2000 p.10

⁷⁰ GOK/IPEC, Highlights of 1998/99 Child Labour Report, 2001, p.1

⁷¹ Ibid p.4

The child labour situation has been made worse by the AIDs pandemic as the number of infected and deaths continue to rise it is estimated that a total of 1.5 million people have died of AIDS since 1984 leaving behind about 1.3 million orphans. These children who are left to fend for themselves some suffer from discrimination stigmatization and lack adequate resources to obtain basic education. These children face a high risk of engaging in child labour and perpetuate the vicious cycle of poverty.

4.2.1 CAUSES OF CHILD LABOUR

Children work predominantly for economic and social reasons. Reasons may include poverty within families mostly as a result of inadequate access to productive assets such as skills, jobs, credit and land. Some parents perceive rewards received from child labour as greater than education while some children are lured into working at an early stage by desire for consumer goods.

Poverty is however the single most important reason for child labour. Poverty drives children to work in order to meet the subsistence expenses of their households, to attenuate the risk of debts, bad harvest, loss of work of the adult members or illness. Noting that fertility, poverty and child labour are interlinked, large families are often poorer and subsequently send their children to work thus perpetuating the vicious circle of poverty.

Cultural attitudes practices have also been identified as a contributing factor to child labour in Kenya. While the government emphasises on the importance of education

in preparing the child for adult roles, some cultural practices, which are predominant in rural areas, hinder the attainment of education. They include 'moranism'⁷² and circumcision rites, which are seen as the mark of adulthood, and early marriage for the girl child. These practices serve to perpetuate child labour as school dropouts' increase, hence need for strategies to end the practices.

Family disintegration also contributes to child labour it is manifest itself in form of physical, verbal abuse and financial neglect that lead to family break-up. Children are forced to fend for themselves or assist their parents to finance household expenditure. This affects children's development in all spheres. There is therefore need to advocate for family unity in order to provide a good environment for children's development.

Insecurity, natural disasters and conflicts displace families. These lead to migration and disintegration of families increasing the likelihood of children engaging in work for survival.

4.2.2 Child Labour in Commercial Agriculture

It is estimated that out of a total 1.9 million working children 34% are engaged in commercial agriculture. These children are denied the opportunity and right to enjoy physical and psychological development as well as right to education. These children

⁷² Among the Maasai community the term refers to male initiation and seclusion for a period of six months after which they are required to marry as young adults.

are found in coffee, tea estates maize, tobacco, sugar cane, miraa and sisal plantations mainly in Coast, Rift Valley and Eastern Provinces.

The children are engaged in all aspects of farm work including harvesting of farm produce picking tea, coffee and cotton. They end up working for long hours with little pay while performing heavy duties that are detrimental to their health and risk exposure to hazardous agents⁷³.

A survey conducted in 1999 established that 63.6% of children were earning less than Kshs. 900 per month with more girls in the low wage earners group. On working conditions of children, many suffer from limb injury, breathing problems, skin infection and back problems. According to a study by UNICEF, the main work related hazard include cuts, wound from pruned coffee and tea bushes, long hours, lifting of loads, exposure from chemicals, lack of drinking water, lack of toilets, and broken limbs. Insects and snakes bite many, and due to lack of proper medical care simple wounds become infected. Most of these children are not provided with protective clothing such as gloves, gumboots and overcoats.

Table 4.1 presents the number of working children and type of injury obtained in the course of duty.

⁷³ See A Survey on Hazardous Child Labour in Kenya, KWES, 1999; Child Labour in Commercial Agriculture in Africa. ILO, Geneva, 1996 p.6

Table 4.1: Number of children by type of injury/disease

Type of injury	Number	%
Limb injury	29,267	15.0
Eye/ear infection	764	0.4
Skin infection	2,439	13
Back problem	1,134	0.6
Breathing problem	11,831	6.1
Other injuries	130,578	67.2
Not stated	18,315	9.4
Total	194,329	100

Source: 1998/99 Child Labour Report.

The poor hygienic conditions and lack of education of the working children implies that in the long run there would be less productive labour force. The circle of poverty in the rural areas will also be perpetuated hence the need to invest more in education and do away with child labour.

4.2.3 Globalization and child labour

Child labour is a worldwide problem especially in developing countries. It is estimated that there are 120 million of children working worldwide mostly in farms⁷⁴ hence need to put in place intervention mechanism. Kenya is a signatory to major

⁷⁴ Alec, Fyfe, Bitter Harvest Child Labour in Africa, Geneva, ILO, 1997, p.5

international treaties that gives protection and recognizes the fundamental human rights of the child. This notwithstanding the practice still persists.

Some of the interventions that protect the child include: -

- United Nation Charter that binds countries to create an enabling environment and to observe basic human rights, including rights of the children.
- United Nations Convention on the right of the child it provides for the Child's right against all forms of discrimination and the best interest of the child shall be a primary consideration.
- African Charter on the Rights and Welfare of the child. It enhances the protection of children's rights and put in place mechanism that will allow children to exercise their rights and protection against all forms of abuse, discrimination and exploitation.
- International Labour Conventions by ILO that set out minimum working standards. ILO convention No. 138 sets out Minimum Age entry into employment while Convention No.182 prohibits Worst form of Child labour.
- The African Growth Opportunity Act (AGOA) sets out eligibility criteria for duty free trade with African countries, prohibits any form of child labour practice and requires countries to put in measures to eliminate the vice.

There are other International treaties and national programmes that aim at intervention and offer alternatives since child labour is an economic issue. They include ILO International Programme of Eliminating of Child Labour (IPEC) that gives community based intervention. The governments free primary education to protect the child among others. The child labour problem can only be won if the poverty

reduction measures are implemented especially in the agricultural sector, as this will have a multiplier effect, as the economic situation is bound to improve.

4.3 Women

Agriculture is the primary source of employment for women in most developing countries, particularly in Sub Sahara where women's public work is not excluded by cultural norms. Traditions still however prevail in access to resources, with women having little say in the allocation of household expenditure. This determines not only women's livelihood options, but also their social and political status⁷⁵.

In Kenya 80% of the women live and work in rural areas. However, though farming is the main source of income in the rural population, women contribute about 71% of small-scale subsistence production. The low female participation rate in wage labour in agriculture indicates that most women are confined to the production of subsistence crops while cash crop production remains predominantly a male responsibility.

Table 4.2: Wage employment in Agriculture 1994 – 2001

Year	men	women	total	% women
1994	215.4	65.3	280.7	23.3%
1995	222.8	71.2	294.0	24.2
1996	226.4	76.6	303.0	25.3
1997	230.0	75.6	305.6	24.7
1998	232.0	76.6	308.8	24.8
1999	234.7	77.3	311.3	24.8
2000	234.7	77.6	312.3	24.8
2001	234.5	78	312.5	24.9

Source: 1994-2001 Labour Statistics

Table 4.2 shows that between 1994 and 2001 women accounted less than 21.6% of all wage employees in the agricultural sector, despite the fact that the bulk of rural population is female. The low wage employment rate in agriculture point out that female labour contribution in agriculture is unpaid and not reflected in national statistics. Most of the women who work in commercial agriculture are usually engaged as casual labourers for very low wages. Their duties are menial and include land preparation, weeding, irrigation, and harvesting as opposed to men's duties, which encompass seed testing and supervisory work⁷⁶.

In order to raise the level of female participation as well as women's incomes in the agricultural sector, rural investment and employment strategies should target women. Greater attention should thus be directed to women's enterprises and employment strategies that would impact on the women's roles and status both in the long and short-term perspectives.

Due to their low level of education occasioned by oppressive socio cultural practices, women lack the necessary skills to take up decision-making positions. They are discriminated upon in employment, as employers are prejudiced against recruiting them due to maternity family responsibility. Sexual harassment especially in flower farms is widespread though not admitted as well as occupational diseases that arise from using hazardous chemicals in the workplace and accidents. Women in commercial agriculture also lack reproductive health services and suffer from poor

⁷⁵ Bura Agarwal "Gender Inequality; Some critical neglected Dimensions" Presentation at ILO symposium on Decent Work for Women, Geneva 24 March 2000

⁷⁶ See ILO Sustainable Agriculture in a Globalized Economy.p.56

health. There is need therefore to empower women through education and put in place social programmes to address gender issues in the workplace.

It is noted that the genesis of segregation of women in labour market stems from cultural practices where women have defined roles of homemakers and though the education policy is essentially gender – neutral it is characterized by significant gender disparities with high rate of girls dropping out. This in turn leads to inadequate capacities among women⁷⁷ in terms of knowledge and skills. General lack of gender responsive policies and programmes act as a bottleneck against women's social and economic empowerment.

4.3.1 International Action To Promote Equal Employment Opportunity

Kenya ascribes to international action that aims to promote equality among gender. It adopted the UN Beijing Platform of Action on elimination of all forms of discrimination against women, so as to ensure equality and non-discrimination under the law and practice. The country has also ratified ILO standards on women workers.

The first is Convention No. 100 on Equal Remuneration which relate especially to the elimination of discrimination between male and female workers in terms of remuneration. It advocates for equal pay for men and women for work of equal value.

The second is the Convention No.111 of 1958 on Discrimination; it deals with the overall problem of discrimination based on race sex, religion, political opinion, national extraction or social origin.

Finally, Kenya has ratified Maternity Protection Convention No. of 1919 that provides for maternity leave and prohibits dismissal of a woman during maternity leave or illness arising out of pregnancy.

Though Kenya has ratified these international instruments and incorporated them in the national laws, women are still marginalized and discriminated in the workplace.

4.4. HIV/AIDS

AIDS threatens every man, woman and child today. The pandemic is the most serious social labour and humanitarian challenge of our time⁷⁷. Over the last decade, HIV/AIDS has become the world most devastating epidemic, particularly in many developing countries, where many governments have declared it an emergency. Worldwide it is estimated that about 22 million people have died of AIDS, 36 million are currently infected with the HIV virus that causes AIDS, and out of these approximately 70% live in sub Saharan Africa.

In Kenya it is estimated that about 2.2. Million Kenyans are infected with the HIV/AIDS, while 1.5 million Kenyans have already died from the virus. The government in 1999 through the President declared AIDS a national disaster and established a National Aids Control Council (NACC) to advocate, strengthen and coordinate the multi-sectoral response to contain the spread of the HIV Virus and mitigate the impact of AIDs. The government also provided a policy framework to guide all partners into nations' response to the challenges of HIV/AIDS.

⁷⁷ Labour law for women at work ILO Dar es Salaam, October 2000 p. 52-80

⁷⁸ Platform of action on HIV/AIDS in the context of the world of work in Africa, ILO, Geneva 2000 p.34

The HIV prevalence was low in Kenya during the early 1980's it has since been increasing at an alarming rate. The national AIDs and STDs control programme estimates that in urban areas prevalence is estimated at 17 and 18%. This means that there are about 470 000 HIV infected adults in urban areas. HIV Prevalence in rural areas is also increasing rapidly, it is approximated that there are 1.5 million infected adults. Although prevalence is higher in urban areas, the absolute or total number of people infected is larger in rural areas since 80% of the population lives in rural areas, thus an estimated 72% of the infected adults lives in rural areas.

Table 4.3: Estimated HIV infection in adults by province.

Province	Number	Prevalence
	HIV+	%
Nairobi	175 000	16
Central	240 000	13
Coast	135000	10
Eastern	380 000	16
North eastern	15 000	3
Nyanza	480 000	22
Rift valley	390 000	11
Western	210 000	12
Total	2,025 000	13.5

Source: Ministry of Health, June 2000

5 HIV in the Commercial Agricultural Sector

Agriculture is the predominant economic activity in Kenya. The sector accounts for 30% of the GDP and 70% of export earning. About 80% of the population live in rural areas, of which 90% make their livelihood from agriculture. The sector employs about 50% of the Kenyans labour force.

A study on the impact of HIV/AIDS in five commercial agro-estates in three Kenya province reveals that the cumulative cases of AIDS account for as high as 30% of the workforce in Nyanza, 12% in Rift valley and 3% in Eastern⁷⁹. The high prevalence of infection in commercial estates and farms is attributed to the living conditions in the farms. Some estates employ migrant workers and some from local communities. They are provided with accommodation that is often crowded, with no proper sanitation, and little or no form of entertainment. In one sugar estate a quarter of the workforce was infected with HIV and this was not atypical⁸⁰. The industry is thus facing social and economic crises as a result of direct and indirect costs.

4.1 Social and Economic Implications in the Sector

Agriculture is basically a labour intensive sector that relies on adequate supply and quality of the labour force. With the HIV/AIDS pandemic, it is projected that Kenya will lose 20.2% of its labour force by 2020⁸¹. This does not take into account the reduced capacity of many of those still in the labour force but sick from AIDS-related illnesses. The concern is not only on the size of the workforce but also its quality as many of those infected with HIV are experienced and skilled. These developments are

GOK, *Aids in Kenya*, p.22

HIV/AIDS in Africa: *The impact on the World of Work* ; ILO, Geneva p.8

Ibid, p.5

detrimental to the Kenyan economy that is currently under recession with low economic growth, low savings and investments and low foreign direct investments.

Changes in composition of labour force are also expected as more orphaned children and widows seek employment, another trend might be the retention of workers beyond retirement age in order to keep experienced staff. The shortage of skilled workers will lead to higher production cost and a loss of competitiveness in the international markets.

AIDS related illnesses and death of workers affect employers by increasing their cost and reducing revenue. At the national level, lower government revenues reduce private savings, lowers formal job creation and competitiveness in attracting FDI. Revenues decrease as a result of absenteeism due to illness or attending funerals as well as time spent on training. Labour turnover is also high and may affect productivity. Purchasing power of population declines as income is spent on health care. A study in one sugar estate revealed that the cost related to HIV rose dramatically with the company expenditures on funerals increasing fivefold between 1989-1997 and direct health expenditure increased ten fold⁸². Expenditure increase is also impacted negatively at national level as the government increases the budgetary provision of health care and welfare.

HIV/AIDs also increases pressure on social security system including life insurance and pension funds, which are important source of capital for both government and private sector.

4.5 POVERTY

4.5.1 Nature and incidence

Poverty remains a pervasive national problem presenting formidable challenge that calls for urgent action. It is estimated that more than half the population of Kenya, currently at 14 million people are poor. In the Human Development Report (1998) Kenya was ranked 137 out of 147 countries with human development index (HDI) below 0.459. The country is ranked 17 among the poorest in Africa and 180 among the 210 poorest countries in the world.

The number of poor living below poverty line is ever rising. Most Kenyans were certainly better off in 1963 than now. This raises the question of efficacy of efforts by government to combat poverty. Recent Survey⁸³ indicates that the proportion of the population living in poverty has risen from 48.8 percent in 1990 to 55.4 percent in 2001. The proportion is estimated to have risen to more than 56 per cent in 2003. Regionally there are pockets of very high poverty that exceed the national average calling for deliberate intervention in such regions.

According to WMS three quarters of the poor live in rural areas while majority of the urban poor live in slums. Thus 47% and 29% of those living below poverty line are in rural and urban respectively. Poverty afflicts the remote and semi arid areas of the country as well as high and medium potential areas. The WMS revealed that North Eastern province had the highest proportion of people living in absolute poverty (58

⁸² Putting HIV/AIDS on the Business Agenda UNAIDS Point of View, Nov. 1998 p.45

⁸³ See Republic of Kenya Investment Programme for the Economic Recovery Strategy for Wealth and Employment Creation 2003 – 2007 march 2004 p.9

per cent) followed by North Eastern (57 per cent), and Coast (55 percent). Central province was the least poor province with a prevalence of 31 per cent.

4.5.2 POVERTY REDUCTION IN AGRICULTURE

With over 50 per cent of people living in poverty, the agriculture sector is the growth sector that is likely to play a central role in reducing poverty and increasing food security⁸⁴. To reverse the recent low trends of growth in agriculture, comprehensive and far-reaching reforms must be implemented to promote productivity growth and lower the costs of agricultural inputs. To this effect the government has outlined measures it intends to undertake in poverty reduction strategy in the agricultural sector. This include:

- Adopting appropriate marketing strategies: They include processing, packaging, storage transportation and research in this regard the government supports investors to undertake necessary investments in these activities including market information.
- Commercialization of farm and non-farm products in order to increase rural incomes. The government hence to reduce transport cost by improving infrastructure. It will also reduce irrigation and factory operating costs by bringing down electricity cost. It will further improve access to market information by strengthening communication.

⁸⁴ Government of Kenya, Ministry of Agriculture, Agricultural Sector Review, 1999 p.14

- On land administration, the government is to formulate land policy to address land use and administration through land tenure and land delivery systems.
- Agriculture research and extension: The reforms here are aimed at strengthening the link between farmers demand extension provision and direction of research, and increase the productivity of public investment.
- Agricultural inputs: Price movements in local agricultural inputs market do not reflect international market conditions. The government is identifying reforms to improve competition in inputs distributions and marketing and to enforce the law against fraudulent practices of input suppliers and marketing agents.

A dynamic agricultural sector is not only important for overall economic growth but also for poverty alleviation in the country because the sector is by far the single largest source of gainful employment in the country. Therefore the need for sustained growth in the sector cognizance should also be taken of the predominant role of women in the sector who constitute up to 60% of the labour force and are mostly affected by poverty by designing gender specific interventions. Globalization in the sector can only be effective if we remain competitive in both production and marketing.

4.6 SOCIAL SECURITY

The importance of social security system is found in its expression as one of the internationally accepted human rights. The universal declaration of Human Rights adopted by the United Nations in 1948 under Article 25 states inter alia that anyone

has a right to social security in event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

The 1952 ILO convention No.102 on social security, which Kenya has ratified, sets the minimum standards of social security that a country should put in place. It covers a range of contingencies including sickness, maternity, invalidity, old age, death, unemployment, emergencies and injuries at work.

The agricultural sector is faced with challenges in providing social security as the sector's performance has been on the decline. Unemployment and poverty levels are high while the traditional social security system provided by the "extended family" has largely become unviable. The social security in Kenya largely covers modern sector employment, which is less than 15% of the total labour force. The nature of employment in the agricultural sector is seasonal and most of the employees do not benefit from social security as they are hired on temporary terms either on daily or weekly terms. Though the National Social Security Fund (N.S.S.F.) requires employers to remit standard contribution for these employees most of them do not honour their obligations.

Most employers and employees are also very sceptical on the capabilities on the NSSF to honour their obligations. Their fears are as a result of the financial scandals reported on mass media on poor investment and mismanagement of the fund's resources. Members have also been complaining on the delay in receiving payments upon placing a claim. Some beneficiaries are also ignorant or too poor to follow up.

The National Health Insurance Scheme NHIF is yet another form of social security meant to help meet costs incurred by in-patient in fee-paying hospital. It is governed by the NHIF Act. Cap.255. Health care has progressively become unaffordable especially after the introduction of health sector reforms that introduced cost sharing. The NHIF collects contributions from members on monthly basis and pays benefit claims out of the contributed funds. NHIF deductions are compulsory but only to regular employees.

The benefit accrued by employees in these scheme are minimal as the funds prescribe limits per day of hospital (In-patient) expenses up to a certain maximum in one year. Hospitals offering the benefits are also gazetted, thus limiting the health institution one can visit. As in the case of NSSF only regular employees can acquire the benefits yet the nature of employment in agricultural sector is seasonal. In essence, most workers lack any form of Health Insurance. The fund management is also dogged by financial scandals on ineffective management and mischievous employers who fail to limit deductions⁸⁵.

4.6 OCCUPATIONAL SAFETY AND HEALTH

Agriculture ranks as one of the hazardous occupation in both developing and industrialized countries. The sector accounted for more than half of the total 330,000 work place accidents world wide in 1997 and the mortality rate in agriculture, contrary to that in other dangerous occupations is increasing⁸⁶. This means that at the global level, agricultural workers run at least twice the risk of dying on the job

⁸⁵ See Government Of Kenya, National Development Plan 1997-2001 p.171

⁸⁶ See ILO Safety and Health in Agriculture, Report V1(1) ILC, 88th Session 2000 p.3

compared to workers in other sectors. The workers also face difficulties in the diagnosis of occupational and work related diseases and in establishing the employment status of agricultural workers almost always result in underreporting. In contrast to the high injury rate suffered by agricultural workers, protection is weakest in terms of injury benefit or social insurances. Daily labourers in plantations, seasonal, and immigrant workers, women workers and children workers are the most vulnerable.

Machinery and chemical are the leading cause of injuries, lack of protective clothing and attention to prevention and training on safety issues. The world health organization estimates that 3.5-5 million people are poisoned by pesticides every year 40,000 fatally⁸⁷

Acute poisoning may occur when pesticides are applied in close spaces where they cannot disperse, causing high level of concentration in the air. Apart from injuries and deaths caused by machines and chemicals, major occupational diseases occur in agricultural work place. These include allergies, occupational cancer, injuries due to noise and vibration, musculoskeletal disorders arising from repetitive work, working in unsuitable positions, carrying heavy loads or working excessive hours. This disease and disorders result in significant expenditure of energy, premature ageing, absenteeism and declining productivity, and lead to high health and social cost at national level.

⁷ See ILO, Sustainable Agriculture in a Globalized World, p.56

Summary

This chapter has accomplished the object of labour and social dimensions in commercial agriculture. In this analysis the socio-economic issues have been demonstrated to be exogenous and endogenous. Most exogenous factors that affect the labour and socio-economic issues are triggered by the concept of globalisation. The desire by developed countries and other international institutions to put every social and economic aspect on the same standard is troublesome for developing countries. The inputs required to perfect the standards demanded from the countries in the core destabilises the weakly emerging economies.

The chapter has also demonstrated that the sufferings in the agricultural sector need to be addressed through legal and political frameworks. The labour and socio-economic dimension as a theme is built gradually by the trickle-down effect of global factors. On the one end global institutions are busy designing policy framework for labour management and on the other the governments are required to accede or ratify these instruments to remove any distortions in the labour market. The efforts to combat the distortion, the social and economic factors derail the achievements. This has been observed in child labour engagement, women discrimination at work and the HIV/AIDS prevalence.

Poverty, social security and occupational safety health are some of the outstanding features that are unattended to by the government enforcement agents. Globalisation and its agents have not found a solution that is immediate to address any of these social discrepancies. The issue of poverty is the dominating factor to fight any of the legal or structural issues in the third world.

The next section will coalesce the themes that have so far been developed. It will synthesise the pros and cons of globalisation and on that basis make recommendations for the way forward.

CHAPTER FIVE

5.0. A CRITICAL ANALYSIS OF THE STUDY

This section takes an overview of issues that have emerged in each part of the research. It will bring out any contending issues and demonstrate how the stated objectives have been achieved. The chapter shall also give a critique on the concept of globalisation and its impact on labour issues.

The concept of globalisation remains contested in all fields. It is argued that there are those who are pro-globalisation and others who are anti-globalisation. The case of those who are pro-globalisation identifies only the benefits that accrue with globalisation. On the other hand anti-globalisers pinpoint those negative impacts that come along with embracing globalization. The negative impacts of globalization can be contextualised in developing countries unlike in developed countries. This observation is true when an analysis is done on the line of defining globalisation as an increasing interconnectivity in social and economic issues.

The second chapter dwelt on explaining the nature of globalisation and its impact in the socio-economic sectors in the third world. This section gave an illumination on how globalisation is impacting negatively on the traditional socio-economic sectors in the third world. The situation in Kenya is reflective of what is happening elsewhere in the third world. The agricultural sector has shown that globalisation does not favour improved living standards or services for the employees in the sector.

Likewise it was observed that the ripple of globalisation has prevented the local trade from expanding. The local trade has only diminished as a result of the developed

countries' edge in technology. These countries have been more empowered by their innovative and subsidised government services. The third world countries are unable to produce goods at the level of the developed countries both in quality and quantity. The net impact of this scenario is increased poverty thus increasing the gap between the developed and developing countries in development.

Other sectors affected with similar magnanimity are those of finance, investment and information technology. These sectors have been managed through the Western proxy in the third world states. The policy prescriptions by the World Bank and WTO have had adverse effects in all socio-economic sectors. The donor conditionalities have also been set to reinforce ideas from the Bretton Woods Institutions. The consequences of these policy prescriptions have led to massive unemployment, inequality and poverty.

In retrospect the second chapter showed that globalisation is well intentioned only that social justice for workers and economic internationalism is compromised at the local level. While it is in order to internationalise trade practices, labour standards and financial management, it should not be an end in itself but should be a means to promote justice and economic prosperity. The core objective of the chapter was reflected in examining how factors of globalisation impact on local agricultural sectors in terms of competitiveness and labour hirelings.

The third chapter presented an overview of Kenya's agricultural sector. It was observed that the sector has been transformed in the recent past the aim of making it a priority sector in reducing poverty in the country. The sector has been unable to meet

this of objective to date. The principal constraints in this sector are: inadequate infrastructure, high dependency on rain fed production, low research priority, low investment and declining budgetary allocation.⁸⁸ The investigation into these factors revealed that agricultural has been neglected because of increased access to foreign products that are cheaply prices. That was a disincentive for any local investment. Compounded with reforms that removed the government monopoly in marketing of agricultural products, inadequate legal and institutional frameworks have been inadequate to set policy reforms and coordinate them effectively. All these sectoral reforms were promulgated by the Bretton Woods Institutions but did not perform in favour of the interest of local partners.

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The phenomenon of regionalisation and globalisation have made Kenya party to several regional and international organisations. The membership is intended to expand Kenya's external trade. The agricultural sector has declined as a result of these measures. The multiple membership in EAC, COMESA, ACP-EU and WTO, have impacted negatively on the agricultural sector. These include removal of tariffs and non-tariff barriers, reduction on agriculture spending, liberalisation and removal of monopolies. These factors drained the competitiveness of local agricultural products. There were also notable labour reforms in the agriculture sector that allowed employees to adjust wages on the basis of productivity, retrench workers if there is redundancy. This led to loss of job and employers would dismiss labourers at will. Despite these reforms the productivity of the sector remained low. The global

⁸⁸ Interview with the Provincial Labour Officer, Kakamega, October 12, 2004

factors although entrenched in the agriculture they have not brought forth positive results as anticipated.

To demonstrate how globalisation has impacted in local agriculture sector, this chapter delved into the global factors that have been manifested in the commercial agriculture sector in Kenya. There have been policy reforms engendered through international or regional organisations that had positive goals but have brought little or no benefit to Kenya. The hypothetical assertion in chapter one that globalization process leads to insecurity among workers is thus true. It can be corroborated in this study and argue that globalisation is not a fine concept to embrace in a country dependent on agriculture for economic and social survival.

The fourth chapter dwelt on labour and social issues in commercial agriculture in Kenya. The prognosis into the ILO demonstrated that as an agent of globalisation it sets international standards of labour. The international labour standards set guidelines for local labour relations.⁸⁹ There are a few constraints on ILO's agenda to internationalise labour standards. Some of the constraints are reflected in child labour. The poverty, cultural attitudes, family disintegration and conflicts have contributed immensely to child labour. The figure reflected in child labour in commercial agriculture stood at 34%. This huge percentage has led to global intervention through international treaties. These include the UN Charter, UN Convention on the Rights of the Child, African Charter on the Rights and Welfare of the Child. ILO and AGOA. These instruments have highlighted special rights to children and prohibit any child labour practices.

Despite Kenya being a signatory to major international treaties that give protection to and recognizes fundamental rights of the children, the practice is quite abundant. This practice raises the question of political and moral commitment of the government to fight the problem. The presence of legal instruments in the government is not sufficient due to lack of enforcement mechanisms.⁹⁰ The society on the other hand has not recognised this basic right for the child. The government and the society have in essence failed the international community in ending the practice of child labour. The government should endeavour to sensitise the community and create strong enforcement mechanisms.

Another issue that has captured global dimension in Kenya's commercial agriculture is the women labour participation. The fourth chapter revealed that women contribute 71% of small-scale subsistence production. Despite the high rate of participation, women suffer from various abuses. The women are overworked, underpaid and discriminated against. The International action to promote equal employment opportunity to women has been instituted by the UN Beijing Platform of Action and the ILO Conventions on standards for women workers. These laws have incorporated in the national laws but the results are not yet realised.

The fourth chapter also outlined the issue of HIV/AIDS. This section revealed a high prevalence rate in commercial agriculture sector in Kenya. The prevalence has affected the quantity and quality of labour force. These developments in the sector

⁸⁹ Ibid

⁹⁰ Ibid

are detrimental to the Kenyan economy. There is reduced savings and low productivity due to HIV/AIDS related deaths. The upward trend of HIV/AIDS prevalence is likely to increase pressure on social security systems that are important source of capital for both government and private sector. This phenomenon has permeated into the socio-economic structures and requires strategies that would curb the deteriorating effect.

This chapter further looked at poverty and poverty reduction in agriculture. The poverty aspect was observed to be more acute in the rural and semi-arid areas. Poverty reduction in agricultural is aimed to reverse the low growth rate in agriculture and promote productivity. The government is intended to undertake poverty reduction strategies in the agricultural sector to maintain competitiveness in both production and marketing. To achieve this objective the sector must embrace global perspectives that have emerged in the recent past.

The final element that emerged in this section is social security. The agricultural sector has inadequacies in providing social security.⁹¹ The nature of employment in the agricultural sector is seasonal and employees do not benefit from social security. It is urgent in this case for the government to intervene and direct employers to pay for employee benefits. It is necessary too for the employers to provide for occupational safety and health. Agricultural sector uses machinery and chemicals that cause injuries. Protection and compensation for injuries must be recognized for the

⁹¹ Interview with a Senior Human Resource Officer, Mumias, 14th October 2004

employees. As a consequence the government must seek for methodologies on how to enforce these measures.

The study on the whole has revealed a general disconnect between the particular intention of global intervention on social and labour issues and the enforcement by the local agents. The problem of disconnect locally is engendered as a result of weak institutions. The legal framework on intervention is sufficient. The ratification of international treaties on labour standards is a sign of political will to enforce them. The government is required to exert more efforts in the enforcement of what these treaties stipulate.

The study was based on three objectives that were duly demonstrated. First the research has examined the impact of globalisation on labour in the commercial agriculture in Kenya. The second and third chapters outlined how ILO is a global agent for setting labour standards and how Kenya has ratified its conventions to date. Kenya has conformed to these requirements, and its impacts are reflected in its labour policies.

The second objective was to examine the labour and social issues in commercial agriculture sector. The fourth chapter made the accomplishment by looking into the issues of child labour, gender, occupational therapy, social protection, poverty and HIV/AIDS. All these are part of the issues that inform the labour policy framework for employers. It was evident that despite government efforts to enforce guarantees

for employees, the employers were reluctant to adopt these basic regulations.⁹² The government with its inadequate machinery to enforce its policies is rendered toothless despite its commitment in ratifying international conventions.

The third objective was to identify the innovative ways of making economic and social objectives sustainable in the agriculture sector. This objective was based on the analysis of globalisation and its impact on the labour and social dimension commercial agriculture. The government was identified in chapter 2 and 4 as the agent for enforcing the international labour standards. The government has however failed in meeting this requirement and the labour standards are below the set target. This indicates a big weakness that requires a new strategy to overcome.

The hypotheses of the study were also well demonstrated. First hypothesis suggested that globalisation had led to insecurity among workers. This is true because the government mechanism to protect workers from exploitation, and summary dismissal due to ill health, are inadequate. The chapters 2, 3 and 4 demonstrated the various facilities required to protect and guarantee labourers.

The second hypothesis presumed that globalisation has led to unequal distribution of benefits. The observation here is true in respect to social protection, poverty, HIV/AIDS, occupational therapy, gender and child labour. These social and labour dimensions reflect disparities as outlined in Chapter 3 and 4. The final hypothesis asserted that the pace and direction of globalisation can be regulated through

⁹² Ibid

appropriate policies. In retrospect Chapter 1, isolated strands of double standards in globalisation. Similarly Chapter 3 outlined agriculture sector reforms and Chapter 4 illustrated how labour and social issues are addressed in the country. These tie up to affirm that globalisation should be regulated to realise positive results in developing countries.

The objectives and hypothesis facilitated the development of the themes in the study. These included: an overview of the ILO in setting labour standards, an overview of commercial agriculture sector in Kenya, labour and social issues in commercial agriculture. On the whole research, the issues that were studied illuminated the disadvantages that globalisation has placed upon the poor. The recommendations that shall provide the way forward will be reflected in the next chapter.

CHAPTER 6

5.0 Conclusions and Recommendations

The research has accomplished an investigation into the impact of globalisation in the labour issues in commercial agriculture in sectors in Kenya. The study revealed that globalisation had brought about negative impacts in the third world countries and the governments in these regions must take precautions as political, state and economic interests are being jeopardised.

The main issues that have tied up in the previous section indicate globalisation cannot be avoided and the anti-globalisers cannot win the war. The proponents of globalisation are too optimistic that all that comes up from globalisation is good and should be embraced without delay. The social and labour aspects have been victims of globalisation.

The proponents of globalisation fail to consider the gap that exists between the developed countries and the less developed ones. The developmental gap is a hindrance to effective globalisation of all socio-economic sectors. Indeed the commercial agriculture sector in Kenya has suffered as a result of globalisation. The basic evidence is manifested in labour and social issues. Despite the government ratifying international legal instruments to protect labourers, the market forces of liberalised economies have overran the whole purpose of ILO convention.

The ILO convention is well intentioned. It provides for the minimum working and wage standards for labourers in the world. As an international instrument it cuts across all regions. The owners of enterprises are compelled to adjust to these

regulations by undercutting the labour force. The labourers who are desperate to eke a living from labour intensive farms accept below the minimum wages as they lack better alternatives.⁹³ Those who are retained in the labour force are compelled to work under poor conditions that threaten their health and social security. This violation of employees' rights requires government instruments that address this anomaly in private enterprises.

6.2 Recommendations

The issue of social security is paramount for any employee. It will always form a safety net to fall into in case of disease or incapacitation to work. The medical funds like NHIF and retirement benefits through NSSF are a global feature to address those issues. The reality in developing countries reflects poor enforcement mechanisms in the part of the governments. The step forward for the weak enforcement mechanisms is for governments to expand the work force in labour departments and sensitise people on their labour rights.⁹⁴ The awareness will among citizens will motivate employers to prepare and remit deductions meant for health or retirement benefits to the statutory boards.

Most governments in third world have tended to borrow heavily from the Bretton Woods Institutions. The policies on economic and trade liberalisation have been imposed on these countries quite rapidly. The effect has been negative growth and diminished benefits. The African governments should take a bold step to filter the WB and IMF recommendations before embracing them fully. The government should

⁹³ Interview with a Senior Human Resource Officer, Mumias, 14th October 2004

⁹⁴ Ibid

be in a position to define priority areas for reform and at what pace. The increased poverty and unemployment are among the issues to look into. The measures of WB and IMF seem to exacerbate the problem. This demands local policies that are achievable and can deal with the problem as it is.

The labour market reforms have indeed affected labour productivity especially in the commercial agriculture sector. The sector has maintained almost a constant productivity in the last thirteen years. This means no intensified measures on land use have been put in place. The government should consider revamping the sector through increased research and improved extension services.⁹⁵ These will increase the productivity if new methods are devised to increase agricultural outputs. This can be done through improved inputs as extensive information on farming.

Production decisions in the era of globalisation have rested on foreign international firms. The governments in Africa have increasingly tried to attract these firms by relaxing some regulations on human resource management. The firms have become culprits of violating the international labour standards in the developing countries as a result of this compromise. The liberalised world has made these firms threaten withdrawal of the desperately needed FDI if compelled to observe certain norms like minimum wages and occupational therapy. The governments would contain these scenarios by allowing many foreign firms into the country and intensify competition. The firms should also be subjected to conformity standards through multilateral organisations like ILO and WTO. This will ensure level application of global

⁹⁵ Interview with the Provincial Commissioner of Labour, Kakamega, 12th October 2004

standards on labour practice. This trend will homogenise the labour practices as required by the ILO. Government intervention at this level will protect and safeguard social stability within its territory.

The global trends are unstoppable. The whole world is intended to conform in step with demands of globalisation. Without proper government planning strategies, the various sectors will not serve their social or economic functions effectively. Government institutions need to cooperate with the private sector to conduct programs that shall make the public and private sectors respond appropriately to global phenomena. This will enhance supraterritorial connectivity in social and economic dimensions for the welfare of the people.

Globalisation has created insecurity in the social and economic sectors. This insecurity has been manifested through the imbalances brought about through technology, wealth and capital. The governments of developing countries have pointed fingers to the west when it dawns at them that they cannot run their national institutions without conforming to multilateral demands that have been set. The governments in Africa should pool their resources to counteract these multilateral obligations set outside the context of their countries. The trade liberalisation should be pacified and opening up should be gradual to allow for smooth transition.

The phenomena of globalisation can be adopted for the good of the African continent. At least with some sacrifice and proper planning the phenomenon may bless the continent's long stagnated development in social, political and economic perspectives.

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Appendix I

Sample Questionnaire: Labour and Social Issues in Commercial Agriculture in Kenya

Interviewer:.....

Job Title:

1. (a) What are some of the labour malpractices in the agricultural centre?
(b) What are the specific ones you have handled?
2. What instruments/legislation are in place to curb the malpractices in commercial agriculture?
3. Does the government have any international obligation to enforce minimum labour standard? If yes enumerate them
4. What are some of the Labour and social issues that arise in the commercial agriculture sector that you encounter in your cause of duty?
5. How prevalent is the use of children in the agricultural sector? What in your opinion are the causes?
(b) What measures has the government put in place to curb the vice?
6. What are some of the constraints you encounter while enforcing labour legislation in the agricultural sector?
7. What is the percentage of women working in this sector? In what capacity are engaged?
8. What form of social security exist in the commercial agricultural sector?
(b) Do employees remit NSSF/NHIF dues as required by the government?
9. What problems do you encounter while enforcing labour legislations in this sector?
10. What do you recommend to the government regarding legislation and enforcement of labour laws in this sector?

Appendix II

QUESTIONNAIRE ON LABOUR AND SOCIAL ISSUES IN MUMIAS SUGAR COMPANY

Data shall be both qualitative and quantitative and shall entail the following aspects:-

CHILD LABOUR

- (i) The number of children aged between 5-17 years involved in any of the stages of sugarcane production:
- ◆ Tiling land
 - ◆ Planting
 - ◆ Weeding/Pruning
 - ◆ Cutting/Harvesting
 - ◆ Loading/Transportation
- (ii) The unit cost of child labour per hour, per day, per week or per month.
- ◆ Any of the above aspects must be specified on the hirelings of child labour.
- (iii) Is the child labour family sanctioned or is it poverty driven? In this regard inquire on
- ◆ The children's background
 - Do they have parents
 - How well off are the parents
 - Where are their homes located form the production plant
 - ◆ Their level of education
 - ◆ Their health

- (iv) Is there any corporate responsibility from Mumias over the health/educational welfare of these children?
- Specifically are there any schools Mumias has put up to care for the poor?
 - Are there similarly any free health facilities
- (v) Are government agencies making any efforts to curb the child labour? If no, what are the obstacles? If yes what are the achievements?

GENDER AND LABOUR RELATIONS

(a) **How gendered is the labour in Mumias sugar belt?**

- How many women are employed directly in the Mumias Sugar Company? /what are their positions levels of education.
- How many men have been employed directly at the Mumias Company? What are their portfolios and what are their academic attainments.

(b) How are women involved in the sugar cane production?

- Tiling
- Planting
- Harvesting

(c) Is the company interested in ensuring gender parity on its work force? What efforts are in place to ensure gender parity?

Specifically find a data that will show the

- Employee's gender
- Level of education and income (?)

(d) Staff Welfare

- Working hours per day/week
- Sick offs and leaves
- Annual leave
- Occupational Safety measure for workers (what the company does/offers to prevent workers from harm while on duty).
- Health benefits
- Staff Development
- HIV/AIDS impact
 - No of deaths per year
 - Prevalence rates

(e) Sugar production and marketing

- Inquire if the current factory uses the most recent technology that is efficient
- Find out if the sugar belt has adopted modern agricultural techniques of production
 - Find out if farms are mechanised
 - Find out if cultured seedlings have replaced traditional methods of propagation
 - Find out the agricultural inputs used in the area and if they are cheaply available
- Find out of the sugar marketing strategies
 - Is it consumed only locally
 - What per cent is for export
 - What obstacles are encountered in the market
 - Competition – local
 - Competition – external