



POST GRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF MASTER OF BUSINESS ADMINISTRATION

HCO 503: INDUSTRIAL AND LABOUR LAWS

DATE: 30TH MARCH 2026

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE is compulsory**.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

RIFT VALLEY AGRO-INDUSTRIES LTD (RVA)

Rift Valley Agro-Industries Ltd (RVA) is a medium-sized agribusiness based in Eldoret, Kenya, with operations across the East African region. Established in 2010, the company produces and exports processed horticultural products. To meet seasonal demand, RVA employs over 500 permanent workers and contracts more than 1,000 casual and piece-rate workers during peak harvesting and processing periods. The management prides itself on rapid growth but has been criticized by local trade unions and NGOs for weak compliance with labour standards.

Most of the company's permanent employees enjoy written contracts of service under the Employment Act, 2007, including benefits such as paid annual leave, medical insurance, and redundancy pay. However, the majority of RVA's workforce comprises casual labourers, who are hired on a day-to-day basis and paid at the end of each shift. These workers have little job security and often complain of being re-engaged week after week without conversion to permanent or term contracts, contrary to section 37 of the Act. Payment practices at RVA are also under scrutiny. Although wages are disbursed in Kenyan shillings, workers allege that sometimes payments are delayed or made off-site in a bar owned by one of the company's directors, raising questions about compliance with the Act's prohibition on paying wages in places where intoxicating liquor is sold. In addition, employees report that some supervisors deduct "transport fees" or "equipment maintenance" costs directly from their pay, leaving them with less than half their agreed wages, contrary to the statutory limit on deductions.

The company also contracts independent drivers and mechanics under "contracts for services," arguing they are not employees and thus not entitled to benefits under the Employment Act. However, some of these

individuals work exclusively for RVA, follow company schedules, and use company vehicles, which blurs the line between independent contractor and employee status. This has triggered a legal dispute in the Employment and Labour Relations Court over whether these workers should be classified as employees. Piecework is widely used in the company's processing unit, where workers are paid based on the number of crates they sort or package per day. While this system increases productivity, it has reportedly led to long working hours, safety lapses, and underpayment when quotas are raised without notice. The lack of a clear minimum rate per unit of work has raised concerns about exploitation and the overall fairness of RVA's remuneration practices.

Trade unions have tried to organize RVA's workforce, but management resists formal recognition, citing the temporary nature of most workers. Disputes over wage protection, classification of contracts, and treatment of casual labourers have escalated to the Ministry of Labour, which is now mediating between RVA, the workers, and their representatives. The Ministry has warned the company that continued non-compliance could lead to penalties, public scrutiny, and loss of government contracts.

As RVA prepares for an external audit of its labour practices, its senior management is considering a complete overhaul of employment policies. The company is weighing whether to convert long-serving casual workers to term contracts, revise its payment procedures, and review how it classifies independent contractors. These decisions could profoundly affect its cost structure, reputation, and compliance with Kenyan labour law, making RVA a test case for balancing employer flexibility with worker protection in East Africa.

Required:

- a) Using the RVA case study above, critically discuss the provisions of the Employment Act, 2007 (Cap. 226) on the protection of wages and assess how each provision could address the wage-related practices at Rift Valley Agro-Industries Ltd.

(10 Marks)

- b)** Drawing on the facts in the RVA case study, evaluate the key distinctions between an employment contract and a contract for services, and why this legal classification is critical in determining the status of the company's drivers, mechanics, and loading supervisors.

(10 Marks)

- c)** Based on the RVA case study, analyze the extent to which the Kenyan Employment Act defines and regulates casual and piecework employment, and evaluate how effectively these provisions balance the company's need for workforce flexibility with the protection of its casual and piece-rate workers.

(10 Marks)

QUESTION TWO

- a)** Explain the three principal forms of termination of an employment contract under Kenyan labour law, highlighting the key legal features of each. **(5 Marks)**
- b)** The Labour Relations Act, 2007, outlines the legal framework for collective agreements in Kenya. Discuss the roles and responsibilities of both employers and trade unions in the negotiation and implementation of a collective agreement.

**(10
Marks)**

QUESTION THREE

- a)** The Occupational Safety and Health Act, 2007, imposes extensive duties on employers (occupiers) to ensure the safety, health, and welfare of all persons at the workplace. Critically analyze the specific duties of an occupier as outlined in the Act for creating a safe working environment. **(10 Marks)**
- b)** Using specific examples, critically evaluate the constitutional foundations of labour law in Kenya and justify why the Constitution is

regarded as the supreme source of labour law.

(5 Marks)

QUESTION FOUR

a) Describe the primary obligations imposed on employers by the Work Injury Benefits Act (WIBA), 2007 to protect employee rights and address potential power imbalances.

(5 Marks)

b) Evaluate the provisions of the National Social Security Fund (NSSF) Act, 2013, concerning the establishment and functions of the Board of Trustees in promoting good governance and protect members' interests.

(10 Marks)