



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

HCO 503: INDUSTRIAL AND LABOUR LAWS

DATE: 30TH JULY 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:

THE TURBULENT TRANSITION

Apex Manufacturing Limited is a prominent industrial plant located in the heart of Nairobi, specializing in sustainable construction materials for the African market. Recently, the company has faced significant internal friction following the dismissal of several senior technicians accused of orchestrating a secret production halt to protest against overtime shifts. Management discovered that these employees deliberately sabotaged machinery, causing a breach of their employment contracts and resulting in substantial financial losses for the firm. The Human Resource Director is currently under pressure to demonstrate that the disciplinary actions taken were not only necessary for organizational order but also firmly grounded in established legal precedents. This situation has created a tense atmosphere where the remaining staff are questioning the fairness of the company's disciplinary framework and the legal weight of their contracts.

Simultaneously, the firm is grappling with a surge in workplace injury claims following the introduction of a high-speed automated assembly line last year. Several workers have filed complaints regarding respiratory issues and physical injuries, alleging that the company has become lax in its commitment to the Workers' Injury Benefit Act (WIBA). The Safety Committee is currently reviewing whether the existing protocols for hazard mitigation and emergency medical response meet the stringent requirements of the law. There is a growing concern that failing to address these health and safety gaps will lead to a complete breakdown of trust between the staff and the executive leadership. The leadership team is now desperate to implement a safety culture that goes beyond mere checkboxes to ensure genuine employee well-being.

Beyond internal safety and discipline, Apex Manufacturing is navigating the complex legal landscape of the Kenyan labor market to ensure long-

term stability. The legal department is currently mapping out how different segments of national law, from protective statutes to regulatory frameworks, impact their daily operations. They are particularly interested in how the Employment and Labour Relations Court might view their current contractual structures and their approach to social security benefits for the workforce. Understanding the interplay between these different legal categories is seen as essential for maintaining a fair and just environment that attracts top-tier talent. The Board of Directors has requested a comprehensive report that links these legal categories to the practical realities of the company's current expansion strategy across East Africa.

The dismissal of the technicians has also triggered a formal inquiry into the specific legal avenues available to the company to recover its losses. Management is exploring whether they can legally withhold certain payments or seek court intervention to prevent the dismissed staff from joining a direct competitor in the immediate future. This move is seen as a way to maintain discipline and signal to the rest of the workforce that contractual obligations are taken seriously by the administration. However, the HR team must be careful to ensure that these remedies are applied proportionately to avoid further litigation or accusations of high-handedness. The goal is to restore the company's reputation as a disciplined and law-abiding employer while protecting its core commercial interests.

Finally, the company is looking to refine its training programs to better educate employees on their rights and responsibilities under the prevailing labor statutes. By fostering a deeper understanding of the laws that govern the formation of trade unions and the resolution of disputes, Apex hopes to minimize future industrial actions. The executive board believes that a proactive approach to legal education will result in a more harmonious workplace and a more productive labor force. They are committed to ensuring that every manager and supervisor is well-versed in the practical application of labor laws to avoid the costly mistakes of the past. This holistic strategy is intended to position Apex Manufacturing

as a leader in industrial relations within the regional manufacturing sector.

Required:

- a)** The Board at Apex Manufacturing requires a clear justification for the disciplinary measures taken against the technicians. Advise the management on five legal avenues they may pursue to address the contract breach and restore order, ensuring you relate each remedy to the specific misconduct described in the case.

(10 Marks)

- b)** In light of the rising injury claims, formulate a strategy for Apex Manufacturing to align with five specific requirements of the Workers' Injury Benefit Act (WIBA). Your response should demonstrate how these actions contribute to a sustainable safety culture within the plant.

(10 Marks)

- c)** Appraise how five distinct classifications of Kenyan labor law provide a framework for Apex Manufacturing to manage its employment relationships. Illustrate how each category helps the firm balance its operational needs with the necessity of a fair labor market.

(10 Marks)

QUESTION TWO

Zindua Tech Solutions, a rapidly growing software firm in Mombasa, is currently transitioning from a small startup to a medium-sized enterprise with over two hundred employees. As the company grows, the leadership has noticed an increase in friction regarding wage structures and the lack of formal representation for the junior developers. The CEO is concerned that without a robust understanding of the legal principles governing industrial relations, the company might face a decline in productivity and employee morale. Management is particularly interested in how they can use the legal framework to facilitate better communication and ensure that every worker feels protected under the law.

Required:

- a)** Develop an argument for the integration of labor law principles into Zindua Tech's operations by discussing five roles these laws play in fostering a healthy relationship between the firm and its developers.

(10 Marks)

- b)** As Zindua Tech faces its first formal dispute in the specialized labor courts, interpret five functions of the Industrial Court that will be instrumental in reaching a fair resolution and how the court's involvement will help maintain long-term industrial harmony for the company.

(5 Marks)

QUESTION THREE

The Savannah Heights Hospitality Group is currently dealing with a complex situation involving the local hotel workers' union, which has seen a significant increase in membership among the kitchen and service staff. The group's finance department is tasked with the monthly deduction of union dues, but there is confusion among the management regarding how these funds are ultimately utilized by the union. At the same time, a disagreement has broken out between the union and the group's directors regarding the implementation of a new shift roster. Both parties are eager to find a way to resolve this conflict without resorting to a full-scale strike, which would devastate the group's peak-season revenue.

Required:

- a)** Determine five ways in which the funds deducted from Savannah Heights' employees are utilized by the trade union to support its members and its administrative functions. Provide clear examples of how these expenditures benefit the workers in the long run.

(10 Marks)

- b)** To prevent a strike at Savannah Heights, construct a plan utilizing five dispute resolution mechanisms provided by the Labour Relations Act. Explain how each mechanism offers a path toward a mutually acceptable agreement between the hotel management and the union.

(5 Marks)

QUESTION FOUR

Trans-Africa Logistics is entering a critical phase of negotiations with the Transport and Allied Workers Union to renew their two-year collective agreement. The company is facing rising fuel costs and is looking for ways to improve efficiency, while the union is pushing for better housing allowances and medical covers for long-distance drivers. Both sides have agreed to a structured negotiation process to ensure that the talks remain professional and productive. The Labour Institutions Act (LIA) serves as the guiding light for this process, ensuring that the negotiations are conducted in a spirit of social justice and fairness for all parties involved.

Required:

- a)** Break down the five-stage collective bargaining process that Trans-Africa Logistics should follow to achieve a successful and peaceful agreement. Detail what actions should occur at each phase to ensure the outcome is mutually beneficial.

(10 Marks)

- b)** Relate five primary objectives of the Labour Institutions Act (LIA) to the current environment at Trans-Africa Logistics. Show how these goals help the company create a work environment that is both equitable and compliant with national standards.

(5 Marks)