

## Relations industrielles Industrial Relations



*Employment, Income and Equality : A Strategy for Increasing Productive Employment in Kenya, (A Report of an Inter-Agency Team Financed by the United Nations Development Programme and Organized by the International Labour Office), Geneva, ILO, 1972, 600 pp.*

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(about 192 pages); and public policy (about 213 pages). Compared to some other text books on the subject, its most distinguishing features are: a) an extensive and fairly sophisticated treatment of the economic theory of labour markets, b) technical appendices added to the chapters on the labour market theory, and c) a treatment of currently popular topics such as problems of minority groups in the labour market, and education and manpower policy.

The book is competently written. The authors do not avoid controversial issues and even for an introductory text, they try to provide a summary of different points of view and an integration of these viewpoints in an admirable manner.

Despite the thorough coverage of this book, this reviewer noted one great deficiency in the chapter on education and manpower policy. The authors, for instance, indicate that more post secondary education increases an individual's income and that this effects an increase in total income for the economy. As Professors M.W. Reder and Albert Reese have suggested in their review of Gary Becker's work<sup>1</sup>, the earning advantages of college graduates are less a reflection of the greater productivity of better educated workers than of the prejudices of employers. Thus, income and employment are dependent on more things than the quality of education one possesses. Similarly a recent O.E.C.D. study, commenting on the relationship of education to economic growth, has concluded, « there is no apparent relation between enrollments and the wealth of a country (or its rate of economic growth). »<sup>2</sup> Despite this important deficiency, the chapter on Manpower and

Education Policy presents both the aggregate and the structuralist arguments. The authors correctly point out that both aggregate and structural policies are needed; in other words, they are not opposite sides of the same coin but compliment each other.

Overall, the book provides a great deal of choice to the instructor in Labour Economics and Industrial Relations. The book, in essence, provides enough subject matter for two separate courses; one in industrial relations and one in labour economics. In the Canadian context, there are several universities that offer year long courses and this book might be particularly useful since all or most of the book can be covered during the course of the year.

The advantages of this book far outweigh any disadvantages. The book is clear, precise and represents a balance of various points of view and the authors support their conclusions with evidence. In addition, the theoretical material is well developed. Hence, the book deserves careful consideration in undergraduate education.

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**Employment, Income and Equality: A Strategy for Increasing Productive Employment In Kenya**, (A Report of an Inter-Agency Team Financed by the United Nations Development Programme and Organized by the International Labour Office), Geneva, ILO, 1972, 600 pp.

The comprehensive documents of the ILO Mission to Kenya has been organized into three distinct sections. The first 21 pages contains the Mission's recommendations on thirteen critical policy areas affecting Kenya's employment problems. The second section is the « Report » itself which takes 62 pages to outline the scope and nature of the employment problems in Kenya and devotes another 228 pages to providing a fairly detailed employment orientated strategy for each of the thirteen defined

<sup>1</sup> M.W. Reder, « Gary Becker's Human Capital: A Review Article », *Journal of Human Resources*, II (Winter, 1967), p. 103; and A. Rees (Book Review), *American Economic Review*, LV (1965), 950-60.

<sup>2</sup> *Development of Higher Education 1950-1967: Statistical Survey* (Paris: O.E.C.D. 1970).

employment problem areas. These are, population, technology, agriculture, industry and construction, services, the informal sector, education and training, labour market, income and fiscal policies, access and equity, rural development and finally the cost of inaction. The third and final section of the document consists of the thirty-one technical papers which were prepared and provide much of the background for the Report itself.

The importance of the ILO Mission to Kenya is undisputed. The policy recommendations, which are currently being debated by the Government, will definitely form the basis of the Government's strategy and approach to Kenya's severe employment problems. In addition, the Mission has amassed much data which was previously unavailable and has studied sectors of the economy previously ignored. Thus the ILO Mission has not only provided valuable guidance to the Kenyan policy makers but also has given us all a much better understanding of the economy itself.

The seriousness of the employment problem in Kenya becomes evident from two facts relating to the Government's Second Development Plan (1970-74). During this period the labour force is growing at an annual rate of 850,000 per year, yet the Government only hopes to create jobs for about 375,000 per year (this includes both the agricultural and the non-agricultural sectors). Thus, despite Kenya's rapid increase in capital formation and gross domestic product (Kenya's growth rate is the second highest in Africa), unemployment and underemployment is increasing rapidly with no sign of slowing down. Thus the colonial based economic policies (with the added element of Africanization) are not adequate for the future of Kenya.

The Mission emphasizes the need for the creation of new institutions and the revision of many existing institutions in Kenya in order to provide the necessary social and cultural adjustments to fully support the «modernization» contemplated. Thus the Mission's recommendations will require a major reshaping of

many of the priorities and policies now being followed by the Government. Many of these recommendations represent little more than standard application of traditional economic principles. However the Mission's emphasis on the employment creating potential of both the agricultural and the informal sectors is refreshing. As they point out, emphasis must be away from the urban and industrial sectors. The industrial sector will not create the number of jobs required and the existing level of migration to the urban centres is already creating acute social problems. Thus much of the Mission's emphasis is designed to keep the people in the rural areas and to develop the rural area employment potential. To do this they suggest (a) the existing educational emphasis toward white collar employment must be changed, (b) the need for more intensive land use and settlement of unused land, (c) subdividing and redistributing large farms into small self-owned labour intensive farm units capable of producing cash crops or livestock production, and (d) assistance to the many small traders and manufacturers which exist in the rural areas.

The Mission also focuses attention on the importance of the generally ignored informal sector. This sector is estimated to include over 100,000 persons who are self-employed as petty traders, hawkers, wood carvers, shoeshine boys, small tailors, carpenters and other menders and fixers. To date Government policy has been designed to reduce, if not to eliminate, this informal sector. The Mission recognizes the employment potential of this sector and advocates that the Government take a more positive attitude and promote the development of this informal sector.

The Mission recognizes the long-term nature of the task but emphasizes the need to make a beginning immediately without delay. However, the major difficulty is that the Mission conducted an economic study and has made sound economic recommendations. However, employment and its related problems is both economic and political and the Report fails to recognize the political

implications of either unemployment itself or its own recommendations. These political implications are now being hotly debated in Kenya. We can only hope that the political realities do not delay the implementation of the Mission's recommendations.

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**Piecework Bargaining**, by William Brown,  
London, Heinemann Educational  
Books, 1973, 176 pp.

This volume deals with an often neglected area of wage determination: the role of bargaining processes in the structuring of piecework wage rates. It presents a concise description of the relationship between piecework drift, custom and practice rules, pieceworker-shop steward interactions and management control systems.

The author's analysis is based on a survey of ten British manufacturing firms, located in Coventry, Birmingham and London. The plants were unionized and used piecework systems, but varied substantially in local work practices and levels of compensation. Wage data and case studies from the ten concerns are utilized throughout the volume as a framework for the development of a theory of piecework structure and determination.

The introductory chapter provides a succinct view of the theory and practice of piecework. This is followed by a description of the conventional economic determinants of piecework rates. The key concept of wage drift is explained and the «Topsy factor» is introduced as a relative measure of non-negotiated rates. (The term «topsy» is quite fitting, as the mentioned factors were never planned, but just grew.) Conclusions are reached regarding the limitations of such variables as productivity and «improved» labour inputs in explaining the extent of non-negotiated wage drift. Internal wage structures are then examined with

particular emphasis on the roles played by effort, skill and technical variations in the establishment of individual piecework rates.

The next three chapters provide substantial elaboration on the formation of non-negotiated wage drift by considering aspects of individual and collective negotiations. The crucial role of custom and practice rules (C & P rules) is illustrated. The concept of C & P drift is introduced as a determinant of non-negotiated wage drift and an indication of the pieceworker's bargaining power relative to that of the ratefixer. The analysis then turns toward the shop steward's impact on C & P drift within the individual and collective bargaining processes. Finally, aspects of managerial control are considered. It is claimed that poor managerial control may cause C & P drift and high levels of non-negotiated wages, i.e., a high topsy factor. Further, product markets and production technologies are viewed as principal determinants of the level of managerial control.

The theoretical framework of this study, and the supporting survey data and illustrative cases, illuminate the political processes underlying the determination of piecework rates. One could argue that the institutional factors outlined in this British study might not be of equal relevance within the context of North American production and industrial relations systems. Moreover, the conclusions might not be transferrable to piecework systems found outside of the manufacturing sector. Finally, the author admits that some of his statistical indices are rather crude. In particular, the measures of «C & P leniency» and management control require substantial refinement before we may more confidently accept some of the author's conclusions.

Despite the noted limitations, this volume does provide insights into some of the political factors in the determination of one form of wages. It should be of interest to researchers in areas of labour economics, industrial relations and personnel administration. Furthermore, behavioral scientists would certainly appreciate the descriptions of the