Sectoral Productivity Awareness in Kenya

Peter Omari Magati
School of Finance and Applied Economics
Strathmore University
P.O. Box 59857 -00200, Nairobi, Kenya

Muthoni Ng'ang'a
School of Finance and Applied Economics
Strathmore University
P.O. Box 59857 -00200, Nairobi, Kenya

Abstract

This Study sought to assess the productivity awareness levels in selected priority sectors of the economy in 2010 and to initiate a discussion on how to improve from the level we are in sectors selected from the ISIC classification but with an outlook of those that have continued to contribute highly towards the economic improvement.

Key Words: Kenya, Productivity, Vision 2030, International Standard Industrial Classification

1.1 Introduction

The relationship between input and output represents the productivity ratio. In a world of scarce resources, economic growth and the welfare of society are associated with a long-term improvement in productivity. Improvements in productivity raise standards of living by, *inter alia,* allowing economies to compete effectively in the international division of labour and the exploitation of comparative cost advantages through trade (McCarthy 2005).

Kenya's economic growth was strong in the first two decades after independence and weak or negative thereafter. Starting in the 1970s, several factors started to negatively affect Kenya' growth potential. Among them a series of trade shocks, poor macroeconomic responses, and a change in the structure of the economy in which the government started to become an increasingly dominating force. Changes in the structure of the economy were set off by a rapidly expanding state-owned enterprise sector. Involved in manufacturing, financial services, and processing and marketing of agricultural products, it engendered distortions and inefficiencies. Large financing requirements of parastatals, crowded out private sector production and investment (Legovini 2002). The absence of productivity gains in the state-owned enterprise sector significantly lowered productivity gains in the overall economy. Furthermore the oligopolistic industrial structure nurtured by state-owned enterprises and import substitution policies increased inefficiencies and decreased the economy's capacity to adjust to changing external conditions (Omollo 2007).

1.1.1 Salient Features of the Economy and its Development

Kenya is an agricultural rich economy with a struggling manufacturing sector. The financial sector has however been growing since the 2002 multiparty elections. As seen above, the economies with a strong manufacturing sector or mineral rich are experiencing a higher GDP. The slow down of the agricultural sector that is supposed to contribute highly to the GDP can be attributed to the structural adjustment programme that was introduced in the 1980's-1990's that resulted to the retrenchment of extension officers and liberalization of the market resulting to reduction of the agricultural subsidies by the government.

The role of productivity towards development cannot be ignored. The Kenyan successive governments have recognised this especially the role it plays towards economic growth, employment creation and improvement of welfare of its citizens. Attempts to improve this have been made at policy level as seen in the National Development Plan (1963-1970); the first wage guidelines (1973); Sessional Paper No.1 of 1986 *Economic*

Management for Renewed Growth; the 8th National Development Plan (1997-2001); Economic Recovery Strategy for Wealth and Employment Creation (2003-2007) and the Vision 2030. An important intervention that has underscored this is the establishment, in 2001, of a tripartite Productivity Centre to champion productivity improvement activities in the country.

Notwithstanding the foregoing interventions, Kenya's productivity levels is still fairly low relative to those of the emerging economies of South East Asia, and other Sub-Saharan African economies such as Namibia, Botswana and South Africa (World Economic Forum, 2010). Kenya has, hence, continued to be held in a low productivity trap manifested by low purchasing power, low capacity utilization, limited capital formation, sluggish productivity growth, rising domestic prices and unit costs, and spiral agitation for wage increments. This partly explains why Kenya has been cited as a high labour cost country with low levels of labour cost competitiveness. Thus, the need to promote productivity levels and awareness in Kenya cannot be gainsaid.

1.2 Methodology

This study adopted a survey methodology involving the use of stratified random sampling technique. The unit of analysis was firms identified from five of the six priority sectors identified in Vision 2030 and the International Standard Industrial Classification (ISIC). The Vision 2030 priority sectors are agriculture, manufacturing, tourism, financial services, wholesale and retail trades, and Business Process Outsourcing (BPO). However, the BPO is still in its nascent stage of development with limited data outlays to facilitate trend analysis. The Economic Survey broadly classifies key sectors in the economy based on key sectors that contribute towards the economic growth. The sectors identified are the similar to those brought out by the ISIC classification making our analysis of the key drivers in the economy through the economic survey and statistical abstracts similar to the ISIC classification.

The Economic survey of 2010 identified four main sectors; Agriculture and forestry, Manufacturing, Financial service and Wholesale and retail, which collectively contributed about 53.7 per cent of the GDP (Republic of Kenya, 2010). This means that it is prudent to analyse productivity in these sectors as they are the main drivers of the economy in the years under consideration. The strata were in terms of sectors, firm sizes as measured by the number of employees, and regions (Coast, Nairobi, Nyanza, Rift Valley and Western). The sample frame was obtained from the 2010 membership Register of the Federation of Kenya Employers (FKE), which gave the active membership as 1473. Out of these a total of 275 firms were selected for analysis randomly and used to evaluate the productivity in the various sectors. The Statistical Abstract and the Economic Survey were analysed to get the partial factor productivity of both the sector and the economy as a whole. sectoral-level productivity awareness was assessed using simple frequencies.

2. *Situational Analysis*

2.2 National Productivity Levels and Competitiveness

At national level, the Kenya Government has had arguable good policy intentions and pronouncements on productivity promotion and improvement. However, these have not translated into meaningful in terms of productivity growth (Republic of Kenya, 2007). Kenya's Total Factor Productivity (TFP) growth, for example, has been cyclical recording negative growth in most of the years between 1990 and 2007 (Figure 1).

A survey by the World Bank administered on 396 manufacturing firms in 2007, indicated that between 2003-2007, the TFP in the Kenyan manufacturing sector had increased by 4 per cent per annum (World Bank, 2007). The results further indicated that Kenyan firms had become relatively more productive than those in comparable countries such as Botswana and Namibia. It is noted, however, that increase in Kenya's TFP over the reference period was largely attributed to increased technological adaptation and not organizational improvement or growth in labour productivity (Republic of Kenya, 2007a).

Proper and effective productivity policy targeting requires determination and appreciation of the contribution of the key factors of production namely, capital and labour, to overall productivity. This is achieved by computing the factor shares in production. Figure 2 represents the factors shares of capital and labour per unit of output over the period 1996-2008. The results reported in Figure 2 show that the share of capital in production varied between 0.17 and 0.22 while the share of labour varied between 0.35 and 0.42 over the 1996-2008 period. On average, the share of labour was at least double that of capital for most of the years under consideration. This implies that a unit of capital used in production generated more output than a unit of labour.

At the same time, the trends exhibited in Figure 2 shows an overall increase in the factor shares of both labour and capital in production, with labour showing more consistent increase over the reference period. This means that overtime, both factor inputs are becoming more inefficient with labour showing a relatively higher level of inefficiency. Increased inefficiency of labour does not in a labour surplus economy such as Kenya is not very positive as it can induce employers and/or investors to increasingly go for labour saving-capital intensive techniques of production. This, obviously, does not portend well for achievement of Vision 2030's goal, and particularly the Medium Term Plan (2008-2012) target of creating at least 703,000 jobs per annum (Republic of Kenya, 2008a).

The quality of the Kenyan workforce and attendant labour productivity has received considerable mention given the desire of the government and other players within the labour and employment sector to promote labour productivity as a wage compensable factor. Figure 3 shows the trends in partial factor productivity over the period 1996-2008. Partial factor productivities show the efficiency with which factor inputs are utilized. The illustrations in Figure 3 show an overall declining trend of partial factor productivities (except for the period 2008-2009) for capital, while that of labour is generally subdued. Over the period, capital shows higher productivity levels, which is almost double that of labour. The implication is that labour is less productive, which is likely to inhibit employment creation and poverty reduction.

2.3 Productivity Awareness in Kenya

The Government together with social partners set up the Productivity Centre of Kenya (PCK), in 2001, to promote productivity practices in all sectors of the country's economy. The move was based on the realization that productivity improvements are not only beneficial to government but also to employers, workers, consumers and the general population. Different parties have different interpretations and interest on productivity improvement. To employers and managers, productivity gains in the form of higher profits and return to capital mean improved organizational capability and capacity to expand. To employees, increased productivity should translate to increase in compensation and improved terms and conditions of employment. For consumers, productivity gains mean lower prices of goods and services, and improved quality. To the Government, productivity improvement signifies increased economic growth, higher tax revenue, growth in employment opportunities and improved standard living of the general population.

Productivity awareness is the starting point for greater productivity management framework in any country. Sustained productivity awareness at national, sectoral and enterprises levels require an integrated strategy within the entire spectrum of the economy. This calls for enterprises to embrace change. Enterprise productivity growth depends on accepting change by adjusting perceptions, attitudes and mind-set. Altering of the perceptions, attitudes and mindset is a culmination of sustained and strategic productivity awareness creating consciousness of the non value added practices and the need to improve and pick on new and better ways of doing things.

3. Analysis and Findings

3.1 Productivity Levels

Productivity is a major determinant of competitiveness as it enhances the capacity of firms to become viable, profitable and create sustainable jobs. Indeed, the *Kenya Vision 2030* acknowledges that productivity improvement is critical to enhancing growth and economic prosperity. Assessment of national, sectoral and enterprise productivity levels is crucial for policy targeting. For a firm to remain competitive, it should be well informed of its level of productivity and how the productivity changes over time. In a productivity management cycle, measurement is a critical element to productivity improvement.

It is important in decision making as it determines the key operation levels in an enterprise; it enables set realistic targets and checkpoints for diagnostic activities, helps to monitor progress, and provides a good feedback mechanism to evaluate managerial performance. Measurement also helps point to bottlenecks and barriers to performance.

Productivity measurement has two components: total factor productivity and partial factor productivity measures. Total factor productivity is difficult to measure because of lack of appropriate data and because of measurement errors. Labour productivity is the common measure of productivity, which is easy to measure and suffers less from measurement errors. Two main approaches have been advanced to measure productivity. These are the input-output approach, and the value-added approach. In this study, value-added approach to productivity measurement was used to assess the productivity levels in five of the Vision 2030 priority sectors.

The value added approach corresponds to the GDP. It is a measure of the wealth generated by the collective effort of those who work in the enterprises (employee and employer) and those who provide the capital, that is, investors and shareholders. Value-added evaluates organizational efficiency by measuring its inputs against its own outputs. The factors of production are considered to provide "services" which raise the unit price of a product relative to the cost per unit of intermediate goods used in the production process. In the context of this analysis, labour productivity has been taken to be the GDP at constant prices per the cost of labour that contributed to this GDP.

3.2.1 Sectoral Productivity Levels

In this case, the sectors that contributed highest to the GDP in 2009 were identified and measured. These sectors are Agriculture and forestry, Transport and communication, Manufacturing, Financial Services and wholesale and retail sectors which collectively contributed more than 53 per cent (Republic of Kenya, 2010). The Sector productivity was measured using the value added in each of the sector against the wage employment in the sector. Various Economic Surveys and the Statistical Abstracts were used to get the data to be used to measure the productivity levels. Sector-level productivity was measured by taking the value added per unit of labour cost. This measure is also referred to as the labour cost competitiveness. An aggregation approach was used to compute the sectoral productivity indices. Table 1 gives a summary of the sectoral productivity of the sectors identified for this analysis for the period 2005-2009. The data presented confirms that the level of labour productivity in key and priority sectors of the country's economy have been generally low at an average of 3.69 over the 2005-2009 period. Out of the five sectors, the Agricultural sector posted relatively higher labour productivity levels, which was in all instances at least double the labour productivity levels registered in each of the other four sectors (also see Figure 4). Labour productivity in the agricultural sector was the highest in this period. This is due to the fact that agricultural sector contributes about 29 per cent of GDP directly and a further 25 per cent indirectly and accounts for 18 per cent of formal employment and a further 69 per cent of informal employment in the rural areas (Republic of Kenya, 2010). (Figure 4)

The competitiveness of a firm is affected by many factors. These include the quality of labour and physical capital, labour motivation (in terms of remuneration and other terms and conditions of employment), cost of intermediate inputs, and other costs. A firm is likely to remain competitive if the rate of increase in its outputs is higher than the rate of increase in its inputs. Within the framework of competitiveness and pay administration, wage payments should lag behind productivity growth. It is noted, however, that both the government and labour market players in Kenya have not given due consideration and/or provided direction on how firm, sectoral and national productivity levels should inform wage payments. This is manifested in minimum wage increases which have in all instances been at variance with inflation and the rate of growth of the economy. Figure 5 compares the percentage increase in minimum wages, growth of the economy (GDP) and inflation over the period 2005-2009.
Figure 5 illustrates that minimum wages have been increased overtime by between 6 and 20 percent. The increases under the Agricultural Industry Order as determined by the Agricultural Wages Advisory Board (AWAB) and those under the General Order and formulated by the General Wages Advisory Board (GWAB). Other than 2009, the Agricultural wages have consistently been below the general wage rates in the period under consideration. As observed earlier, over the period, the rate of increase in minimum wages have been at variance with the changes in inflation. However, in all instances, save for 2007 and 2008 when there was a minimum wage increase freeze, the increases have been higher than the rate of growth of the economy.

The state of affairs where wage increases is out of pace with GDP growth and productivity trends is also exhibited under the Kenyan unionised wage setting framework. As shown in Table 2, while the country's GDP growth rates have ranged between 3.0 percent and 7.1 percent over the 2003-2008 period; and average labour productivity in the sectors ranging between 2.08 and 8.22 (Table 3), the average wage awards (WA) as either negotiated by parties to collective bargaining or granted by the Industrial Court of Kenya averaged 18.96 percent. The low productivity levels depicted in Tables 1, 2 and Figure 4 and the lack of synchrony between wage awards and productivity trends exhibited in Figure 5 have a dampening effect on the country's competitiveness, employment creation and the capacity to attract investments. The effect could be seen from the potential performance of the sectors in table 2 below that are supposed to drive the country's economy. Wage Guidelines No. 2 (Republic of Kenya, 2005) emphasises the need for collective bargaining agreements and revision of wages to be in line with productivity dynamics.

At the same time, one of the key reforms envisaged to be undertaken in the Kenyan labour market is to hasten the pace of labour productivity growth. However, a key challenge that has inhibited mainstreaming of productivity in wage setting is acceptance of productivity as an additional parameter for wage setting by all the parties to wage formation, and lack of clarity and/or understanding of productivity measurement by the players. Besides, both the government and labour market players in Kenya have not given due consideration and/or provided direction, policy or otherwise, on how realised productivity gains should be compensated. The issue here is: should the productivity element be implemented as a one-off payment or it should be inbuilt in the general wage increase? Our consideration favours the former option so that the reward due to improved firm productivity is not carried forward into the future wages, lest it portrays that productivity improvement is additive. Equally, success in the adoption of productivity as an additional variable in wage determination must be anchored on the willingness and ability of industry to avail and share requisite data and information for computation of productivity indices.

3.3 Productivity Awareness

The desire for Kenya to attain global competitiveness must be anchored on sound productivity. One of the drivers of productivity is social productivity, otherwise called productivity consciousness. In this study, productivity awareness level was assessed in terms of knowledge of the respondents of the concept of productivity and productivity improvement programs (PIP); and their engagement and expressed interest in implementing PIP. We also assessed the respondents' perception of the benefits of improved productivity, and the challenges that they face in undertaking PIP. The research instrument used in the study asked the respondents to share their knowledge of productivity concept and PIP based on five scales: Definitely No (DN); No (N); Not Sure (NS); Yes (Y); and Definitely Yes (DY). A provision was also made for a non-response during coding. Responses were received from 275 firms, which were categorized in terms of their employment levels. The responses were then compared with the responses of a similar exercise conducted last year to in order to monitor changes in awareness. We report below the results of the survey.

3.3.1 Manufacturing Sector

The manufacturing industry contributed 10.6 per cent of the GDP in 2009. The manufacturing sector has continued to perform dismally since the introduction of the Structural adjustment programmes and despite the improvement after 2002 elections, the post election violence made it suffer a huge set back from the growth of 6.5 per cent in 2007 to 2 per cent in 2009. The productivity awareness in this sector remains high at 79.3 per cent with the same amount interested in implementing PIP. However only 47 per cent of the firms interviewed indicated that they are in fact implementing PIP. The firms indicated that they are facing impediments in implementing PIP that include untrained staff and unfavourable political environment.

3.3.2 Agricultural Sector

Agriculture is the mainstay of Kenya's economy, currently contributing 29 per cent of the GDP directly and another 25 per cent indirectly. The sector also accounts for 65 per cent of Kenya's total exports and provides more than 18 per cent of formal employment. More than 70 per cent of informal employment is in the rural areas (Republic of Kenya, 2010). Growth in the agricultural sector is directly correlated with growth in the economy in general. Improving productivity in this sector can play a crucial role in Kenya's overall development and improving the welfare of its citizens. The survey results show (table 4) that 81.8 per cent of the respondents have heard of PIP with 90.9 per cent interested in implementing it.

However only 20 per cent of the respondents admitted to engaging in PIP. This is quite low for a sector that is key to economic performance in Kenya. The agricultural productivity has remained fairly constant for over 2 decades with the productivity per worker being US$ 334 in 1990-1992 and US$ 333 in 2003-2005 (World Bank 2010). This is attributed to the structural adjustment programmes, corruption in this sector and lack of planning that has made people move to other sectors.

3.3.3 Tourism Sector

The tourism sector has been one of the contributors to the country's earnings. The 2007 post election violence and the appreciation of the Kenyan shilling and marketing of other regional destinations for tourists created a depression in this sector. However, the return of political stability coupled with successful tourism promotion has resulted to renewed tourism in the sector with earnings improving by 19.5 per cent in 2009. The sector is an important source of foreign exchange and has been identified in vision 2030 as key to development in the country. The productivity awareness is therefore important as an indication of the direction the sector is heading to as far as economic development is concerned.

Here, as seen in table 5, only 77.2 per cent of the surveyed firms had heard of PIP with 36.3 per cent engaged in implementing PIP. This is quite low considering that unlike the agricultural sector that is dominated by the rural population that is not highly educated; the tourism sector is considered in the same breath with the manufacturing sector as a "modern sector" with the more educated population that is more inclined towards implementing productivity measures. Further discussions on this are therefore recommended. However, decline in the sector as a result of political instability may be a reason of this low score. This came out clearly with 76.2 per cent indicating that they are facing impediments in implementing PIP with impediments being mainly poor infrastructure and political instability.

3.3.4 Wholesale and Retail

The growth of this sector has been continuous. A growing population which stands at 39.6 million and the deindustrialization process due to the structural adjustment programme making Kenya a consuming nation and not a manufacturing nation are some of the reasons. The sector contributed almost 12 per cent of the GDP and this shows its importance in development. The sector recovered to grow at 7.9 per cent from 5.1 per cent after the post election violence. The responses from the survey are shown in table 9 and figure 10 below The percentage of those implementing PIP in table 6 remains low at 32.1 per cent while those interested in implementing at 83.2 per cent. This is positive in this sector. There is a high number as per the firms selected who are aware of PIP at 70.2 meaning that more has to be done in the improvement of PIP here.

3.3.5 Financial and other sectors

The financial sector has been one of the prime movers in economic development in resent times. Growth of the banking sector and the stock market is testimony to this with high number of both domestic and foreign investors willing to invest in this market. The listing of companies in the stock market through Initial Public Officers has enhanced the growth. Other sectors include the Business Processing Outsourcing that was identified as key towards achievement of vision 2030 (Republic of Kenya 2007b). Other sectors identified include health services and construction. The summary is given in table 7.

The survey results show that 59.8 per cent are aware of PIP with 30 per cent engaged in its implementation. There is a high number 28.4 per cent who are not sure of whether they are involved in implantation showing a fairly low awareness level. However, of those that are engaged in awareness, 56.6 per cent indicated they were facing impediments. Some impediments identified in these sectors include the following as shown in table 11

3.3.4 Summary of Findings and Implications

The survey results on productivity awareness discussed in the foregoing sections bring to the fore some key issues. From the results, a relatively higher proportion of the firms are aware of productivity and PIP. Despite being ware of PIP, most firms are seen not to be implementing PIP but are interested in its implementation. Awareness of PIP is important for us to achieve any meaningful development and make up for the lost decade of the 1990's. As a first step and as seen above, firms are aware of the PIP however because of impediments and lack of proper training mechanisms on its importance are not engaged in its implementation.

This is a huge disappointment in the effort being undertaken to increase awareness and benefits in implementation of PIP. Further efforts should therefore be undertaken to mitigate this.

Productivity awareness is still a big challenge in Kenya. Raising productivity levels is therefore critical in realizing our development goals and production efficiencies in all the sectors. There are many areas in which productivity can be made known to all. The Central Organiazation of Trade Union (COTU) and Federation of Kenya Employers (FKE) play a critical role in this. The establishment of Productivity Centre of Kenya (PCK) was a good move towards the showcasing the importance of productivity in development. However, PCK is a body operating without a clear policy and operational roadmap. Avenues through which firms become aware include the media, FKE, PCK, COTU and learning institutions like colleges play the highest role.

Despite the fact that PCK, COTU and FKE have ensured there is awareness, it seems that firms are yet to adopt productivity as critical to their performance as seen in the low numbers that are engaging in PIP. There is therefore need to empower PCK and also create a productivity policy.

4: Conclusions and Policy Recommendations

4.1 Conclusions

Productivity is a major determinant of competitiveness. The *Kenya Vision 2030* acknowledges that productivity improvement is critical to enhancing growth and economic prosperity. Despite the significant role that productivity plays in promoting enterprise competitiveness, economic growth and employment creation, the same has not been mainstreamed into all sectors of the country's economy. In cases where efforts have been made, the survey shows that there is lack of efforts among firms in implementation of PIP. This state of affairs may be attributed to weak top leadership commitment, lack of integration of productivity in the country's education and training programmes, weak broad based productivity driven research and development, poor productivity infrastructure, weak productivity governance, low levels of productivity consciousness, and lack of a generally agreed productivity measurement and compensation criteria. At the same time, Kenya does not have a national policy on productivity to provide the much needed strategic direction on productivity management in the country.

4.2 Recommendations

Kenya is an economy going through a serious process of transformation. The poverty rate in the country is severe and inequalities are obvious. Emphasis of equity and improvement of welfare which is a symbol of development should lead to a process of cost efficiency and therefore this is an area the economy cannot ignore. Therefore, when considering the efficiency/equity nexus, there is a need to emphasize the complementarity of the two economic criteria and not primarily the trade-off relationship between them.

This philosophical point is made to focus on the need to maintain an emphasis on efficiency, that is, the productive utilization of resources, while addressing the challenge of equity. Productivity improvement, which is a synonym for greater efficiency, is a requisite for welfare growth in a poverty-stricken country. But in the special circumstances that apply in Kenya, where employment growth does not meet the growth in the demand for jobs, and where the social partners in the economy hold strict views on equity positions, an unqualified emphasis on efficiency will prove to be counterproductive.

With huge unemployment rate in the country, productivity and realization of equitable distribution of resources should ensure that productivity improvements does not create job losses are was there during the structural adjustment programmes. For this to be realized however, there is need for close involvement of three social partners – business (management), labour and government - in designing and implementing a productivity improvement strategy. It also demonstrates why productivity growth in an environment of falling job numbers will tend to taint the concept of productivity. The need for a social accord is often argued to be a necessary condition for the effective transformation of an economy such as that of Kenya (characterised by a need for faster growth, stability and equity in a dispensation where the social partners are well organised and have powerful constituencies). One of the elements of such an accord will have to be a consensus on productivity improvement and the sources of such an improvement. The latter would include, among other sources, the following:

- Training of workers at all skill levels;
- An understanding that productivity improvement is, in the first place, a management task, hence the need to develop managerial competencies;
- Access to and development of appropriate technology;
- Investment in human capital in the broad sense, including education and health (including preventative health care) and the provision of services such as housing, sanitation and transport;
- Incentives for producers to make optimal use of production capacity, for example, through an increase in the number of shifts and the proper maintenance of capital equipment;
- An understanding that flexibility in factor markets will be a requisite for productivity improvement and that the position of economic activities in promoting investment, employment and production cannot, in a dynamic world of change, be frozen into particular positions.

Acknowledgement

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Table 1: Sectoral Productivity Growth (%) (2005-2009)

Sector/Year	2005	2006	2007	2008	2009	Average
Financial Services	2.19	2.38	2.72	2.86	3.11	2.65
Agriculture	7.58	7.82	7.51	8.53	9.67	8.22
Manufacturing	3.02	3.07	3.26	3.26	3.30	3.18
Transport and Communication	2.55	2.46	2.18	2.04	2.01	2.25
Wholesale and Retail	1.75	1.80	1.88	2.43	2.52	2.08
Average	**3.42**	**3.51**	**3.51**	**3.82**	**4.21**	**3.69**

Source: Republic of Kenya. *Economic Survey* (2008; 2009; 2010)

Table 2: Performance (Percent) of Main Sectors of the Economy (2003-2009)

Period	2003	2004	2005	2006	2007	2008	2009
Growth of GDP	3.0	5.1	5.9	6.3	7.1	1.7	2.6
Average Annual Inflation	9.8	11.6	10.3	14.5	9.8	16.2	9.2
Agriculture	2.6	1.6	6.9	4.4	2.0	-5.1	-2.7
Manufacturing	6.0	4.5	4.7	6.3	6.5	3.8	2
Wholesale & Retail Trade	1.5	8.5	5.6	11.6	11.5	5.1	7.9
Tourism	-20.3	38.8	13.3	14.9	16.3	-36.1	19.5
Financial Services	2.0	1.4	5.6	4.8	6.7	3.1	4.6

Source: Republic of Kenya. *Economic Survey* (2008; 2009:2010)

Table 3: Response on Selected Awareness Indicators in the Manufacturing Sector

Issues/Responses	DN	N	NS	Y	DY
Heard of PIP	5.2	10.3	5.2	55.2	24.1
Engaged in PIP	5.5	25.5	21.8	20	27
PIP Beneficial	1.8	8.9	32.1	23.2	33.9
Interested in Implementing PIP	6.9	8.6	5.2	53.4	25.9
Impediments to Implementing PIP	7.1	19.6	7.1	44.6	21.4

Table 4: Response on Selected Awareness Indicators in the Agricultural Sector

Issues/Responses	DN	N	NS	Y	DY
Heard of PIP	0	18.2	0	72.7	9.1
Engaged in PIP	0	50	30	0	20
PIP Beneficial	0	9.1	54.5	0	36.4
Interested in Implementing PIP	0	0	9.1	63.6	27.3
Impediments to Implementing PIP	0	9.1	9.1	72.2	9.1

Table 5: Response on Selected Awareness Indicators in the Tourism Sector

Issues/Responses	DN	N	NS	Y	DY
Heard of PIP	9.1	13.6	0	63.6	13.6
Engaged in PIP	0	4.5	59.1	13.6	22.7
PIP Beneficial	0	0	54.5	9.1	36.4
Interested in Implementing PIP	0	4.5	0	81.8	13.6
Impediments to Implementing PIP	4.8	19	0	61.9	14.3

Table 6: Response on Selected Awareness Indicators in the Whole Sale and Retail Sector

Issues/Responses	DN	N	NS	Y	DY
Heard of PIP	5.3	19.3	5.3	61.4	8.8
Engaged in PIP	1.8	30.4	35.7	10.7	21.4
PIP Beneficial	12.5	5.4	50	8.9	23.2
Interested in Implementing PIP	1.9	9.3	5.6	72.2	11.1
Impediments to Implementing PIP	5.3	29.8	14	47.4	3.5

Table 1: **Response on Selected Awareness Indicators in the Financial Sector**

Issues/Responses	DN	N	NS	Y	DY
Heard of PIP	11.1	19.7	9.3	52.8	7
Engaged in PIP	10	31.7	28.4	18.2	11.8
PIP Beneficial	1.3	18.9	34.1	20.2	25.6
Interested in Implementing PIP	3.2	16.3	10.6	55.5	14.4
Impediments to Implementing PIP	1.8	34.5	7.1	41.1	15.5

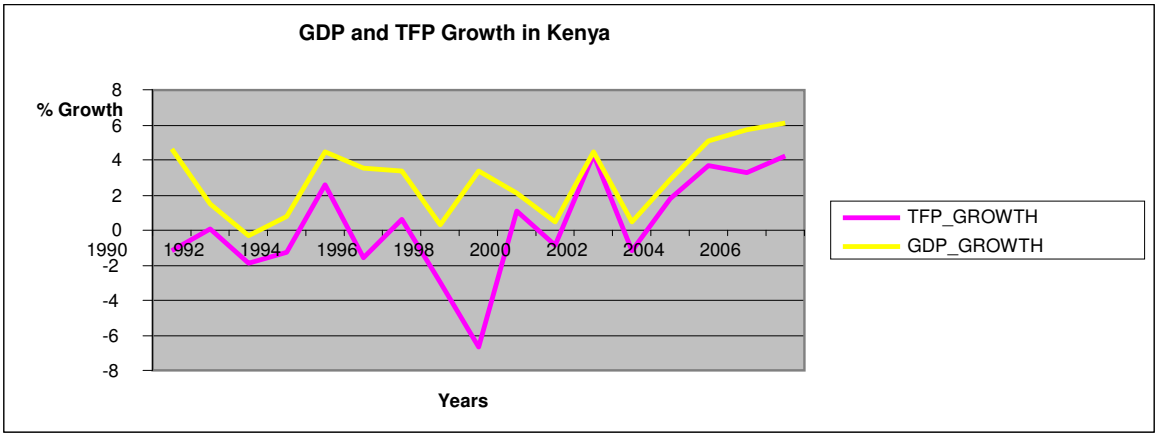

Figure 1: GDP and Total Factor Productivity Growth in Kenya (1990-2007)

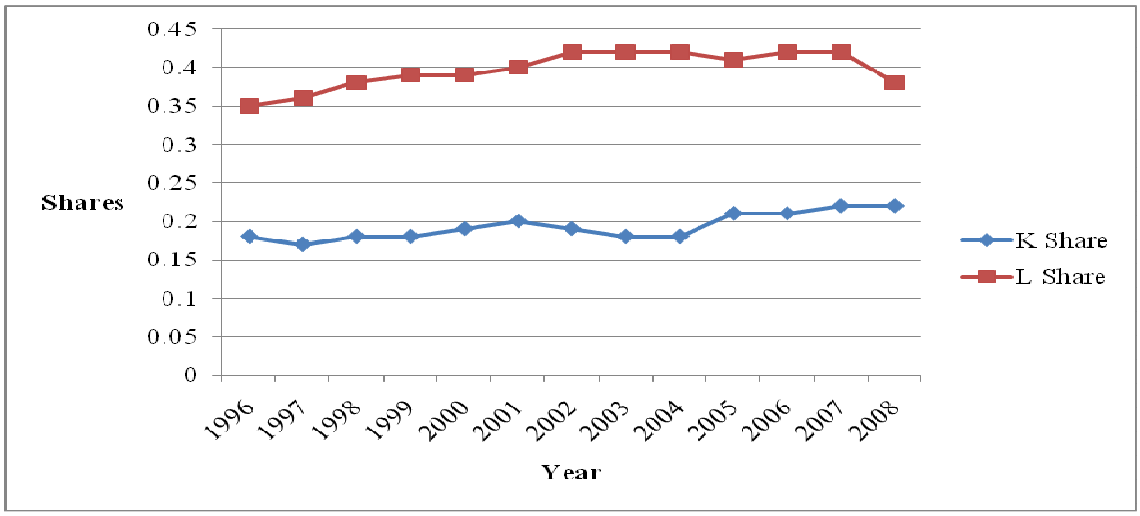

Figure 2: Trends in Factor Shares (1996-2008)

Source of Data: Republic of Kenya, *Economic Survey* (Various)

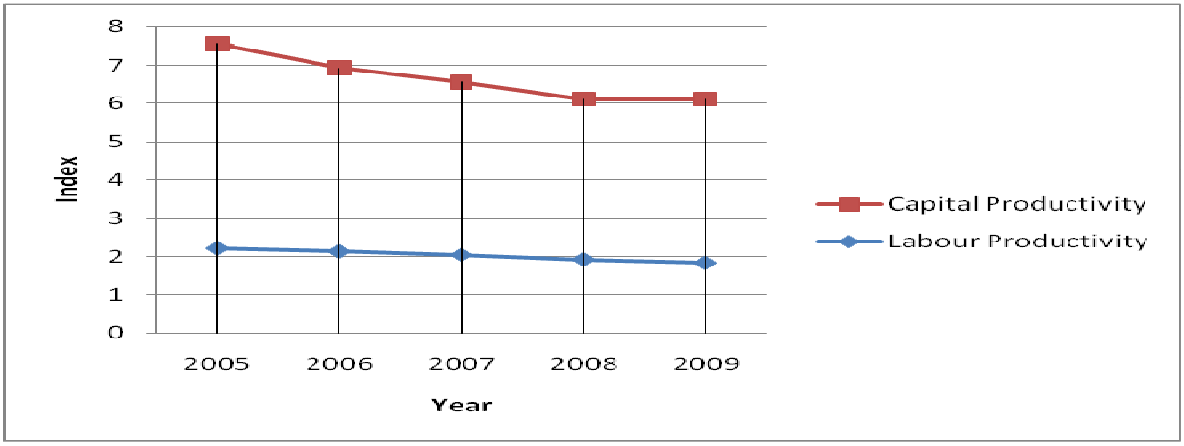

Figure 3: Trends in Partial Factor Productivity (2005-2009)

Source of Data: Republic of Kenya, *Economic Survey* (Various)

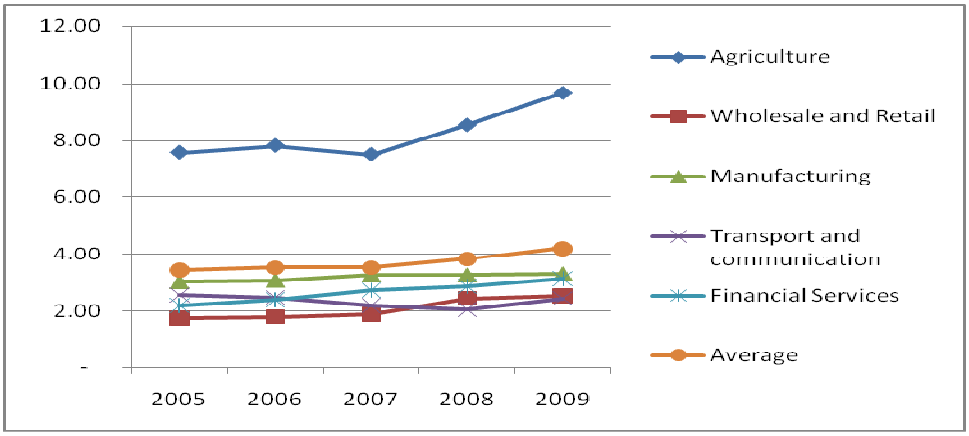

Figure 4: Trends in Sectoral Productivity Levels (2005-2009)

Source of Data: Republic of Kenya. *Economic Survey* (2008; 2009; 2010)

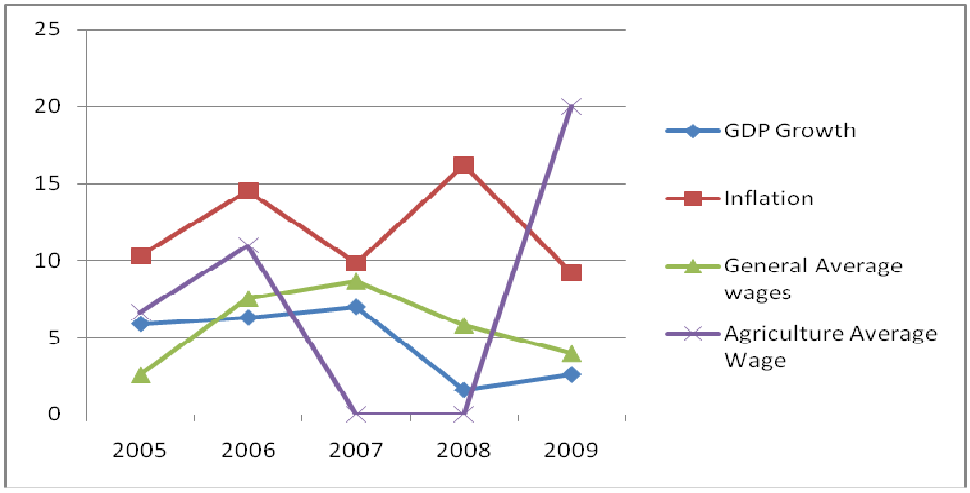

Figure 5: Trend of Increase in Minimum Wages, GDP and Inflation, 2005-2009 (%)

Source: Republic of Kenya. *Economic Survey* (2008; 2009; 2010)

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