



Salaries & Remuneration
Commission
Rewarding productivity

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Introduction

The Salaries and Remuneration Commission (SRC) is established under chapter 12, Article 230 of the Constitution of Kenya, 2010 and mandated to;

Set and regularly review the remuneration and benefits of all state officers.

Advise the national and county governments on the remuneration and benefits of all other public servants.



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Constitutional principles of remuneration setting

To ensure wage bill is sustainable;

The need to ensure right skills are attracted and retained;

To recognize productivity and performance;

Transparency and fairness



Facts about Kenya's economy

	2012/13	2013/14	2014/15	2015/16
Wage Bill (Kshs billion)	464.9	521.6	568	627
Growth in Wage Bill (%)		12.2	8.9	10.4
Ordinary Revenue (Kshs billion)	779.4	919	1,068.6	1,242.7
Growth in Ordinary Revenue (%)		17.9	16.3	16.3
Nominal GDP (Kshs billion)	4,506.2	5,051.6	5,719.1	6,520.5
Growth in Nominal GDP (%)		12.1	13.2	14.0

Source: National Treasury Budget Policy Statement, 2015



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Employment Structure

Sector	2012	2013	2014
National Government	222,600	232,200	181,000
Teachers Service Commission	267,600	277,700	281,700
Parastatal Bodies	90,600	92,500	93,500
Majority Control by the Public Sector	43,600	44,500	45,000
County Government	37,700	94,800	99,600
Total Public Sector Employees	662,100	683,300	700,800
Private Sector Employees	1,493,600	1,599,800	1,669,400
Self-employed and unpaid family workers	76,900	83,800	103,000
Informal Sector	10,548,400	11,150,100	11,843,500

Source: KNBS Statistical Abstracts 2013-2015



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Trends in Public Sector Wage Bill (Kshs. Billion)

	2008/09	2010/11	2012/13	2013/14	2014/15	2015/16	Desirable Levels
Wage Bill: GDP ratio	10.7	11.3	12.3	12.5	9.9	11.0	7%
Wage Bill: Revenue Ration	49.3	47.1	51.2	50.7	52.3	49.1	35%
Source: Treasury							



Public Service wage bill

- Public service employees estimated at 700,000;
- The wage bill to revenue ratio is estimated at 52% which is higher than the desirable level of less than 35%
- The size of the wage bill has a direct impact on the performance of the national economy



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► PRODUCTIVITY IN PUBLIC SERVICE: A PARADIGM SHIFT



Background information

- The need to recognize good performance of public officers started in 1970's ;
 - ❖ The Ndegwa Commission (1970-71)
 - ❖ The Waruhiu Report (1979-80)
 - ❖ The Ramptu Report (1985)
- All the above reports recommended introduction of performance evaluation and award scheme.
- As a result, several initiatives have been implemented with a view to enhancing performance, these include;
 - ❖ Performance contracting
 - ❖ National honors and awards
 - ❖ Promotions and demotions
 - ❖ High achievers awards
- Some of these are captured in the sessional paper no. 3 of 2013 on



Why low productivity in public service?

- Despite these good initiatives, productivity in public service is still low.
- **Big Q, Why the disconnect?**
- Although the initiatives are good, there is a disconnect between planning, resource allocation, output/results and reward/sanctions systems.
- Some of the other factors affecting productivity include;
 - ❖ Not all government institutions are on performance contracts e.g Teaching service
 - ❖ Weak monitoring and evaluation system
 - ❖ Lack of linkage between individual and institutional performance

Global Competitive index (GCI) - 2014

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Top 10 Countries in the World	Top 10 Countries in Africa
1. Switzerland	1 Mauritius (45)
1. Singapore	2 South Africa (53)
1. Finland	3 Rwanda (66)
1. Germany	4 Botswana (74)
1. USA	5 Seychelles (80)
1. Sweden	6 Namibia (90)
1. Hong Kong	7 Kenya (96)
1. Netherlands	8 Senegal (113)
1. Japan	9 Ghana (114)
1. United Kingdom	10 Nigeria (120)

What makes some of the countries succeed

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- What makes Switzerland tick?
 - ❖ Innovation
 - ❖ Labour market efficiency
 - ❖ Public institutions are the most efficient and transparent in the world
- What makes Mauritius emerge top in Africa and number 45 globally are;
 - ❖ Strong and transparent public institutions
 - ❖ Clear property rights
 - ❖ Strong judicial independence
 - ❖ Low levels of corruption
- Kenya was boosted by innovation particular in the ICT sector, however scored poorly in health and security.



Role of SRC in productivity improvement

- One of the constitutional principles of remuneration setting under Article 230 (5) is the need to recognize productivity and performance.
- Productivity is viewed as an attitude of mind which seeks to continually improve what already exists; a belief that one can do things better today than yesterday and better tomorrow than today.
- As a paradigm shift, we are emphasizing the need to **“bake the cake first before sharing”**
- SRC is currently undertaking JE for the entire public service with a view to, among others, entrench the principle of equal pay for work of equal value.

What can we do to improve performance

- Accountability
- Follow up
- Manage the work force but avoid micromanagement
- Encourage, motivate, reward and recognize
- Demand realistic targets
- Team work
- Ensure that people enjoy their work
- Break the monotony and rotate
- Spend less time on meetings and more on action
- Training –normal and on-the-job training
- Proper tools and equipment



HIGH PRODUCTIVITY LEADS TO

GOOD ROADS



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MAGNIFICENT BUILDINGS



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AGRICULTURAL DEVELOPMENT



FOOD SECURITY



HAPPY PEOPLE



OH ...AND ANIMALS !





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Challenges

- Public sector culture
- Corruption
- Low productivity
- Clamor for higher pay without commensurate productivity
- Persistent threat of industrial unrest
- Proliferation of allowances
- Inadequate compliance
- Court litigation

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Conclusion

High productivity is the key to economic development and improved employment terms.



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THE
END

THANK
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