

Insights and Commentary from Dentons

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INDUSTRY INSIGHT WITH **HH&M**

AUG 2017

EMPLOYMENT INDUSTRY INSIGHT



[1. Parastatals workers in strike threat over salary deductions](#)

Workers in Kenya Broadcasting Corporation (“KBC”) and Postal Corporation of Kenya (“PCK”) have threatened to go on strike in two weeks unless all deductions from their salaries are remitted to the respective bodies. The Communication Workers Union wants Kenya Broadcasting Corporation and the Postal Corporation of Kenya to remit more than Sh500 million deducted from workers’ salaries over the past seven months.

[2. New rules to boost employment of Kenyans in mining sector](#)

Mining firms operating in Kenya will be required to hire locals and show evidence of how they plan to replace expatriates with Kenyans if Parliament approves the

Mining (Employment and Training) Regulations 2017. The new set of laws aim to promote job creation through the use of local expertise in the mining industry, the entire mining value chain and to retain the requisite skills within the country.

[3. Uber director David Bonderman resigns from board after sexist comment](#)

Bonderman’s ill-timed remark came during an all-staff meeting to discuss how the ride-services company plans to transform itself following a probe into sexual harassment at the company.

[4. Model sues Kenya Airways in image rights dispute](#)

A woman has moved to court to protest the continued use of her photos to advertise

Kenya Airways following the termination of her contract six years ago. Purity Njogu has sued advertising agency Scangroup and Kenya Airways. Ms. Njogu argues that she did not surrender her constitutional right to privacy in perpetuity when she signed the now expired advertising contract.

[5. Uber boss Travis Kalanick resigns](#)

Uber Technologies Inc co-founder Travis Kalanick stepped down as chief executive of the ride-hailing service, the New York Times reported on Kalanick’s exit came under pressure from Uber’s investors, who were seeking his exit, the paper reported citing people with knowledge of the situation.

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[6. Treasury faces huge pension load in July](#)

Taxpayers will still foot a huge pension bill for public sector retirees — even after they move to a contributory scheme next month — due to a large number qualifying to continue with the old scheme.

[7. Ochuodho, 3 others to face charges over Sh827m fraud](#)

Former Kenya Pipeline Company (KPC) managing director Shem Ochuodho and two former senior managers of the State corporation have suffered a major legal setback after the Court of Appeal dismissed a suit they had filed blocking their prosecution over their involvement in an Sh827 million fraud, through a bogus refinancing deal signed with Triple A Capital nearly 15 years ago.

[8. Former Chase Bank boss Zafrullah Khan charged with Sh1.7 billion fraud](#)

Former Chase Bank chairman Mohammed Zafrullah Khan was on Wednesday charged with conspiring to defraud the bank of Sh1,683,000,000. He was also charged with several counts of stealing from Chase Bank, one count of failing to comply with provisions of the Proceeds of Crime and Anti-Money Laundering Act, and faced an alternative charge of failing to report suspicious transactions.

[9. Safaricom hires brewery executive to head HR unit](#)

Safaricom has hired an East African Breweries Limited (EABL) executive as its new human resource director to fill a position left vacant in January after resignation of

the former HR head. Paul Kasimu, who has been EABL's group HR director for six years, is set to report at Safaricom headquarters Monday in a similar capacity.

[10. Study proposes prosecution of errant directors](#)

A corporate governance study, dubbed Balancing Rules and Flexibility for Growth has recommended that errant directors be prosecuted for corporate ills to raise investor confidence. The KPMG-Association of Chartered Certified Accountants (ACCA) study, which focused on 15 African countries including Kenya, said a strong oversight and enforcement regime was necessary to boost shareholders and stakeholder confidence at the bourse or in private business.

[11. EABL to set up Sh15 billion brewery in Kisumu](#)

Beer maker East Africa Breweries (EABL) is set to establish a Sh15 billion state of the art plant in Kisumu, a move the State reckons will help create at least 110,000 direct and indirect jobs. The brewery is expected to lift the demand for sorghum, which will in turn support small-scale farmers in the region.

[12. Barclays Bank to shut seven branches sparking job losses fears](#)

Barclays Bank of Kenya has become the latest lender to announce closure of some of its branches in a move aimed at cutting costs. Chief Executive Jeremy Awori told the staff in an internal communication that seven branches were set to be

closed effective October 1 and their operations merged with other nearby branches.

[13. Nakumatt to pay weekly wages as cash crunch at retail chain bites](#)

Troubled retailer Nakumatt has informed its workers that they will henceforth get paid weekly wages instead of earning monthly salaries, signalling a deepening of a cash crisis that began six months ago. The move comes after the supermarket announced the closure of three outlets in Uganda as it fights bruising battles with suppliers and creditors, some of who want to auction its property to recover debts.

[14. Zeph Mbugua exits TransCentury board](#)

Zephaniah Mbugua, one of TransCentury's founders, has stepped down as a director of the firm after 18 years, marking the latest board change at the company which last year sold a significant stake to a New York-based equity fund.

[15. EU states have right to ban Uber: top lawyer](#)

EU member states can ban ride-hailing pioneer Uber without informing the European Commission because at heart it is an ordinary transport company under their jurisdiction, a top EU lawyer said Tuesday. San Francisco-based Uber insists it is a service, not a transport provider, connecting riders with freelance drivers directly and much more cheaply than traditional cab companies. But critics and competitors say this allows it to dodge costly regulation and several countries, led by France, have

banned its low-cost UberPop service as a result.

[16. Uchumi signs pay deal with staff to end biting go-slow](#)

Uchumi supermarkets has signed a return-to-work formula with its workers following a strike over non-payment of the May and June salaries, which paralysed the retail chain's operations. The deal signed yesterday between the supermarket and the Kenya Union of Commercial, Food and Allied Workers (Kucfaw) requires Uchumi, which has about 1,300 employees, to pay May salaries from today and June wages starting July 14.

[17. Unilever faces Sh. 500 million claim by former staff](#)

Consumer products giant Unilever is embroiled in a dispute with over 290 "former employees" who allege the firm employed them through another company to get cheap outsourced labour. The 294 claimants are seeking to rope in Unilever Kenya Limited in their claim amounting to over Sh. 500 million, for damages over alleged unfair termination of services accruing since 2014 when they were declared redundant.

[18. StanChart branch closures signal more bank job losses](#)

The lender said Monday the closures are the result of a restructuring plan that has become necessary with the current market conditions.

[19. Jobs at stake as Longhorn set to restructure](#)

Job cuts loom at listed publisher Longhorn after

the company announced a restructuring plan intended to align its operations to a rapidly changing industry. Longhorn declined to reveal the number of staff that will be affected by the expected retrenchment.

[20. Rhino cement staff buy Sh.2bn stake in share offer](#)

Cement maker ARM's workers have acquired a 15% stake in the company, making it one of the public listed firms with the largest employee ownership in Kenya. The company's latest financial statement shows that the employees acquired the stake worth Sh. 2.8 billion last year when the cement maker also added the UK's CDC Group to its list of shareholders.

[21. Sexual harassment claims rattle tech firm Ushahidi](#)

Ushahidi, a pioneer of Kenya's tech scene, is in the eye of a storm after an employee accused a senior manager of sexual harassment. The firm has confirmed that it is investigating claims made by an employee who has since left the company, amid criticism of how the case has been handled.

[22. Technology firm Ushahidi sends home director over sex scandal](#)

Technology firm Ushahidi has suspended its executive director Daudi Were, who is said to be at the heart of a sexual harassment scandal that has hit the company. Ushahidi said in a statement yesterday that it had suspended a senior employee accused of sexual harassment upon receiving a

legal opinion from its lawyers at the conclusion of an inquiry into the case.

[23. Kenya firms prepare their staff for the worst ahead of polls](#)

Kenyan companies are preparing their staff for the unexpected during the August 8 elections, even as they invest heavily in campaigns for credible and peaceful polls.

More than 10 big corporations had by the end of last week taken their employees through safety and emergency response drills ahead of the hotly contested elections.

[24. Thousands of election jobs up for grabs](#)

Massive preparations for the election are under way with the recruitment of at least 360,000 temporary staff this week. The commission is seeking to employ 91,032 presiding and deputy presiding officers, 262,665 polling clerks, 580 constituency ICT clerks, and 2,900 ward educators.

[25. Former Chase Bank managers deny fraud charge](#)

Three former senior managers of Chase Bank were charged with conspiracy to defraud the financial institution of Sh1.6 billion. Former managing director Duncan Gichu; former general manager, credit, James Mwenja; and former general manager, finance, Makarios Agumbi denied the charge when they appeared before Senior Principal Magistrate Martha Mutuku.

[26. KWAL workers get 3-year job security](#)

The competition watchdog has ordered South Africa's alcohol manufacturer Distell to retain 42 employees of Kenya Wine Agencies (Kwal) – in which it is acquiring an extra 26 per cent stake – for at least three years. The job guarantees are part of the conditions the Competition Authority of Kenya (CAK) has attached to the transaction that will see Distell's stake in the company rise to a controlling 52 per cent.

[27. More KPCU woes as 77 former staff seek Sh349m for sacking](#)

Seventy seven former employees of the cash-strapped Kenya Planters Co-operative Union (KPCU) have moved to court seeking over Sh349 million in terminal dues. The former unionisable employees and administration officers state in their claim that they were axed from the giant coffee miller by a receiver manager, appointed by the KCB Bank (Kenya Limited), which was seeking to recover an outstanding loan of over Sh643 million.

[28. Pension schemes chiefs face jail over late financial results](#)

Chief executives and trustees of 126 pension schemes whose fiscal years end in December could face a two-year jail term and a Sh500,000 fine for failing to file financial results with the industry regulator by the end of March. Retirement Benefits Authority acting chief executive Nzomo Mutuku said only 975 pension schemes out of the

total 1,101 with financial year ending December 31 had filed returns three months after the deadline.

[29. CMC, Nissan dealer lay off employees as sales plunge](#)

New vehicle dealers CMC and Crown Motors (the seller of Nissan brands) have sacked scores of workers, becoming the latest to shed jobs in an industry hit by a sharp drop in sales. Sources told the Business Daily that CMC, whose franchises include Ford and Suzuki, has laid off some 160 employees while the extent of Crown's retrenchment could not be ascertained by the time of going to press. Both companies declined to comment on the retrenchments.

31. Appointments & Resignations/Exits

1) Aon Kenya Insurance Brokers Limited Appointments

Mr. Joseph Onsando has been appointed Chief Executive Officer for Aon Sub-Saharan Africa. He joined Aon Kenya in 2004 as Managing Director responsible for management solutions. Mr. Sammy Muthui has been appointed as the Managing Director, AON Kenya Insurance Brokers Ltd. He joined Aon Kenya from ALICO Kenya (now AIG) in 1993.

2) Appointment of New Director - KenolKobil

Ms. Elisabeth Klem has been appointed to the Board of Directors of KenolKobil Limited with effect 1st July 2017. She is currently the Managing Director of Yaya Towers Nairobi a position

she has held since February 2006.

3) Resignation of Board

Director Mr. Stephen Waruhiu

The Board of Directors, TransCentury Limited ("TCL") wishes to announce that it has received and accepted the resignation of Mr. Stephen Waruhiu from the Board, effective 28th June 2017.

4) Sidian CEO resigns after 2 - year stint.

Sidian Bank CEO Titus Karanja has resigned after two years at the helm of the lender, which has in recent months faced profitability pressure following the capping of interest rates. The bank, which is majority owned by investment firm Centum, has announced that Mr. Karanja will step down effective July 31 but stay on until the end of the year to ensure a smooth transition. Credit Bank CEO Chege Thumbi will succeed Mr. Karanja.

5) DT Dobie hires former CMC boss as Kenya CEO

Ian Middleton, a former executive of motor dealer CMC, has replaced the long-serving Zarak Khan as the new managing director at DT Dobie Kenya. The change in management at the company, will see the former managing director who has served the company for the last 36 years take over as the DT Dobie Kenya group chairman.

6) TransCentury picks Standard Chartered chair on board

TransCentury has appointed the Standard Chartered Bank Kenya chairperson

to its board as part of an ongoing reshuffle arising from a New York-based private equity fund's purchase of a significant stake in the investment firm. The NSE-listed company has appointed Anne Wanjiku Mutahi as a non-executive director.

7) Toyota Kenya

Mr. Arvinder Singh Reel has been appointed Toyota Kenya Managing Director effective June 1, 2017. He becomes the first Kenyan in the company's history to occupy the position.

8) Suntra Investments

Mr. Luke Kinoti has been appointed chief executive of Suntra Investments. He has business interests in East Africa in private equity, real estate, microfinance, insurance and fund management.

9) Sanlam Life business

Ms. Stella Njuguna has been confirmed as the chief executive officer for Sanlam Life business. Sanlam Kenya Group Chief Executive Mugo Kibati said the appointment of Ms. Njuguna takes effect immediately.

10) Twitter taps banker Ned Segal as new finance chief

Twitter has named former Goldman Sachs investment banker Ned Segal as its new chief financial officer. Segal takes over from Anthony Noto, Twitter's chief operating officer, who has been doing double duty as both COO and CFO since November. Noto will retain his COO duties the social network said in a statement.

11) Mwapachu exits board of Kenyan-linked UK gold firm

British exploration firm Acacia Mining has announced the exit of its only Tanzanian board member Mr Juma Mwapachu amid a raging dispute with the government over revenue transparency. The firm, which is currently exploring for gold in Kenya, yesterday said Mr Mwapachu had decided to retire at the end of his three-year term.

12) Change of Directors

The Board of Directors, Family Bank Limited, announces the appointment of Mr. Lazarus Muema as a Director of the Bank and the retirement of board members Prof. D.K. Some and Mr. D.K. Kimani. These changes are effective 29th June 2017.

13) AFREXIMBANK picks head of advisory and capital markets.

The bank has appointed Ibrahim Sagna as head of its advisory and capital markets department.

14) Board of Directors Kenya Airways PLC

The Board of Directors of Kenya Airways PLC wishes to announce that it has received the resignation of Mr. Irungu Nyakera from the board following his redeployment from the Ministry of Transport, Infrastructure, Housing and Urban Development.

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The Sources relied upon in this digest are:

1. The Business Daily
2. The Daily Nation
3. The Standard Newspaper