



LEGAL TAKE

— EMPLOYMENT · GUIDE

The Employment Relationship: Hiring, Managing and Exiting Staff in Kenya

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YOUR CONTACT

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Good employment practice protects a business as much as its people. Most employment disputes we see trace back to something that was missing at the start: a clear contract, a written policy, or a fair process.

KEY POINTS

- Put the main terms in writing from day one.
- Get statutory deductions right every month.
- Follow a fair procedure before any dismissal.

Hiring right

Written terms. The Employment Act, 2007 requires written particulars of employment for contracts of three months or more, including job title, pay, hours and leave.

Probation. Up to six months, extendable once by agreement for up to six more. Either side can end probation on seven days' notice.

Foreign staff. Non-citizens need a valid work permit before starting work.

Inclusion. Under the Persons with Disabilities Act, 2025, employers with 20 or more staff should reserve at least 5% of positions for persons with disabilities.

Employee data. Recruitment and HR records are personal data, so the Data Protection Act, 2019 applies.

Payroll and statutory deductions

DEDUCTION	RATE	NOTES
PAYE	Graduated bands	Remitted to KRA by the 9th of the following month.

DEDUCTION	RATE	NOTES
NSSF	6% employee + 6% employer	From February 2026, on earnings up to KES 108,000 (maximum KES 6,480 each).
SHIF	2.75% of gross pay	Paid by the employee and remitted by the employer.
Affordable Housing Levy	1.5% employee + 1.5% employer	On gross pay.

Rates as at October 2026. Rates and thresholds change, so check them at each payroll cycle.

Policies every employer needs

A disciplinary and grievance policy that staff have seen and can access.

A sexual harassment policy. Required for employers with 20 or more staff.

Health and safety measures under the Occupational Safety and Health Act, 2007.

Data protection and IT use, including the use of AI tools at work.

Leave, including annual, sick, maternity, paternity and pre-adoptive leave.

Handling discipline

- 1 Investigate.** Establish the facts before acting.
- 2 Notify in writing.** Tell the employee the allegations and the evidence.
- 3 Hear the employee.** Give them a fair hearing, with a colleague of their choice present.
- 4 Decide and record.** Make a reasoned decision and keep the record.
- 5 Communicate.** Inform the employee in writing, including any right of appeal.

Employee data and monitoring

HR teams hold some of the most sensitive data in a business. The Data Protection Act applies throughout:

Medical and family information is sensitive personal data. Collect only what you need and restrict access.

Background checks should be proportionate to the role and explained to candidates.

CCTV and monitoring need a clear purpose, signage, controlled access to footage and a retention period.

Photographs and events need consent before staff images are used internally or on social media.

Retention should follow a schedule: keep records as long as the law requires, then delete them.

Ending employment

Valid reason and fair procedure. Termination must be for a valid reason and follow a fair procedure. Otherwise the employer risks compensation of up to twelve months' pay.

Notice. Give the notice in the contract, or pay in lieu.

Redundancy. Notify the employee, their union where applicable, and the labour officer at least one month before, apply fair selection criteria, and pay severance of at least 15 days' pay for each completed year of service.

Final dues and certificate. Pay final dues promptly and issue a certificate of service.

Senior hires and exits

Executive contracts. Set out role, reporting, incentives, confidentiality and notice clearly, and align them with any shareholding or board role.

Restraints. Non-compete and non-solicitation clauses are enforced only if reasonable in scope, duration and area, so draft them narrowly.

Foreign executives. Secure work permits before the start date, and plan for dependants.

Negotiated exits. A settlement agreement should record the terms, the payments and a full and final settlement, signed freely and with time to take advice.

COMMON PITFALLS

- Verbal contracts, or contracts that do not match practice.
- Late or incorrect statutory remittances.
- Dismissals without a hearing.
- Redundancies without the required notices.

TALK TO US

Every situation is different. This is where we get specific to yours.

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