

GENDER PAY GAP AND LABOUR-MARKET INEQUALITIES IN KENYA



Introduction

Despite progress in women's economic and political participation, formal employment and education attainment, a gender pay gap remains a pervasive labour-market feature across the world. More and more countries – both industrialized and developing – have passed laws mandating the equal treatment of women in the labour market, with the objective of reducing gender economic inequalities. The objective of this brief is to present an overview of the adjusted gender pay gap and labour-market inequalities in Kenya. It uses data from Kenya's Continuous Household Survey 2019¹ and relies on the findings of the UN Women (2023) study titled "Why Women Earn Less: Gender Pay Gap and Labour-Market Inequalities in Kenya."

Labour-market structure

The employment rate in Kenya is 65.3 per cent for individuals aged 15–64 years. The employment rate of women is lower (60.3 per cent) than the employment rate of men (70.4 per cent).

As shown in Figure 1, the sectors that account for most women's employment, in terms of percentage of women's wage employment, are agriculture, wholesale and retail trade, education, health and

Kenya is a lower-middle-income East African country with a population of 54 million (as at 2022),² bordering the Indian Ocean and Lake Victoria. The Country Policy and Institutional Assessment³ gender equality rating for Kenya stood at 3.5 from 2010 to 2022,⁴ indicating that limited overall progress has been made by the country towards achieving gender equality. For instance, as at February 2021, only 21.6 per cent of seats in parliament were held by women.⁵ Therefore, the gender pay gap is a pervasive labour-market feature in Kenya.

social work, activities of households as employers and other services. The majority of these are care sectors (education, health and social work) or sectors dominated by care workers (activities of households as employers). Figure 2 shows that traditionally "masculine" sectors, such as manufacturing, construction and transport, along with education and wholesale and retail trade, make up the majority of men's wage employment.

Figure 1

Women's share of employment by sector, as a percentage of women's total employment



Source: Authors' own calculations.

Figure 2

Men's share of wage employment by sector, as a percentage of men's total employment



Source: Authors' own calculations.

Table 1 shows that occupational categories professionals, technical professionals, and service and sales workers account for larger shares of women's employment than of men's employment. Interestingly, there is no difference in women's and

men's participation in formal or informal wage employment. However, it is important to note that the feminization of informal jobs may be more apparent if data were available on contributing family members.

Table 1
Percentage of wage employment by occupation (as per the International Standard Classification of Occupations) and formality status, by gender

	Men (%)	Women (%)
Armed forces	0.4	0.0
Managers	4.2	4.0
Professionals	8.4	10.9
Technicians and associate professionals	10.9	15.5
Clerical support workers	2.5	4.7
Services and sales workers	13.0	22.3
Skilled agricultural, forestry and fish workers	3.7	5.0
Craft and related trades workers	12.0	2.2
Plant and machine operators and assemblers	12.0	1.2
Elementary occupations	32.9	34.2
Formality status		
Formal	47.1	46.2
Informal	52.9	53.8

Source: Authors' own calculations.

Gender pay gap

The **unadjusted or raw gender pay gap** in Kenya is **17.7 per cent** when considered at the hourly level and **31.3 per cent** when considered at the monthly level. The monthly gap is larger than the hourly gap because women work fewer hours than men in paid employment. In fact, women work fewer hours in paid employment than men across all age and educational level groups. This can be attributed to various factors, including women's disproportionate responsibilities for unpaid care work, discriminatory practices prevalent in the labour market and individual preferences. For the rest of this brief, only the hourly pay gap is considered. This average pay gap hides significant heterogeneity in various characteristics.

The gap exists for all levels of education but is highest, at 34.8 per cent, for individuals with a primary-level education and lowest, at 1.6 per cent, for individuals with a tertiary-level education. The gap is larger for married individuals (18.8 per cent) and almost negligible for single individuals.

The unadjusted gender pay gap also varies by sector and occupation. Women are generally paid less in more feminized sectors, i.e. sectors where they constitute a large or the majority share of employment. For example, women are paid



13.5%
less than men in the trade sector,



29.2%
less in the accommodation sector and



37.6% less in education. Women are paid more than men in very few sectors, and these include electricity production, construction, transport, real estate, human health and social services.

Except human health and social services, women account for a small share of those employed in these sectors. The gap also exists across most occupations, except managers and craft workers. By formality status, the raw gender pay gap in Kenya is almost exclusively derived from informal jobs. The gap is larger (26.9 per cent) in the informal sector than in the formal sector (1 per cent).

This discussion highlights that personal and labour-market characteristics of individuals are

Decomposition of the gender pay gap

The Oaxaca–Blinder decomposition⁶ of the gender pay gap is presented in Table 2. Personal and labour-market characteristics do not explain the gap. The explained part is large in magnitude (11.6 per cent), but statistically insignificant at the 5 per

important determinants of the pay gap observed from the data. Men and women have different characteristics, which can explain at least a part of the difference in their pay. A regression analysis that adjusts for these characteristics is used to estimate what is called the adjusted gender pay gap. After accounting for age, marital status, educational level, occupation, sector and formality status, the **adjusted gender pay gap is 9.5 per cent**. This is almost half the raw gap.

cent level. The unexplained part of the gap may be driven by factors not measured in the data set, such as structural differences between women’s and men’s bargaining power and social networks, as well as labour-market discrimination.

Table 2

Oaxaca–Blinder decomposition of the gender pay gap in Kenya

	Average log hourly wages
Men	4.116*** (0.023)
Women	3.955*** (0.033)
Difference (raw pay gap)	0.161*** (0.040)
Explained part, i.e. explained by characteristics	0.116 (0.078)
Unexplained part	0.0867** (0.034)
Interaction of the two parts	-0.0417 (0.076)

Source: Authors’ own calculations.

Note: *, ** and *** denote statistical significance at the 10%, 5% and 1% levels, respectively. Standard errors given in parentheses. Results robust to heteroskedasticity.

Gender pay gap by percentile

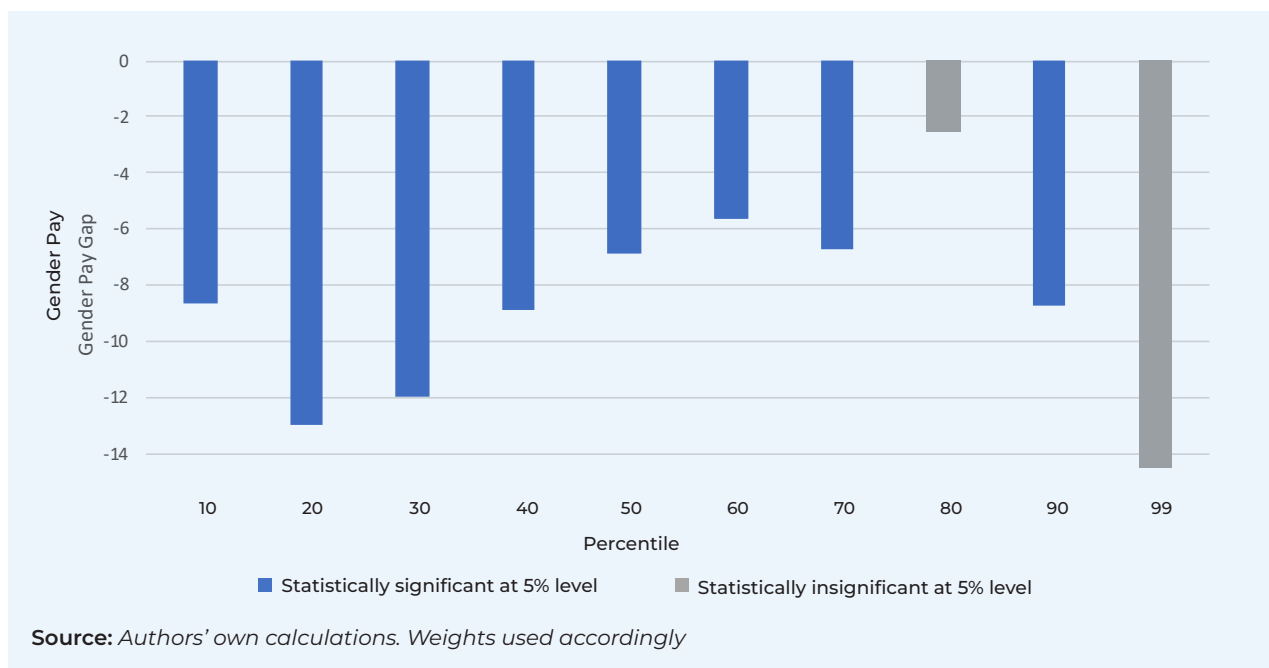
Understanding the gender pay gap at different points of the wage distribution can be used to examine the prevalence of a “sticky floor” and “glass ceiling” in the economy. A “sticky floor” refers to a labour market where individuals, typically women,

in low-paying roles encounter limited job mobility and barriers to career advancement. A “glass ceiling” refers to obstacles that hinder women from reaching top managerial and leadership positions. Figure 3 presents the adjusted pay gap

through deciles (and the top centile). The evidence for a “sticky floor” is mixed because the lowest decile has a gender pay gap (8.6 per cent) that is smaller than the average adjusted pay gap (9.5 per cent). However, the gap increases to 13 per cent and 12 per cent in the second and third deciles,

respectively. The gap for the eighth decile and 99th percentile is statistically insignificant, and is 8.7 per cent for the ninth decile, which is lower than the average gender pay gap. Thus, there is no evidence of a “glass ceiling” effect.

Figure 3
Adjusted gender pay gap by decile and top percentile



Occupational and sectoral segregation by gender

Women and men are distributed unevenly across sectors and occupations in the economy and such horizontal segregation is a big driver of the gender pay gap. To examine this segregation further, Table 3 presents Duncan Segregation Index values for Kenya.⁷ Overall, the occupational segregation value is 0.21 and the sectoral segregation value is 0.37. Both values are moderate and suggest that more than around 37 per cent of women and men employees would need to trade places across the sectors and a 21 per cent would need to

change jobs across occupations for the distributions to become identical. Gendered segregation is lowest for the tertiary educational level group and highest for the secondary educational level group. For the tertiary educational level group, the occupational segregation value is 0.11 and the sectoral segregation value is 0.21. However, occupational and sectoral segregation values are 0.28 and 0.41, respectively, for the secondary educational level group.

Table 3
Horizontal gender segregation index values, by occupation and sector

	All	Educational level		
		Primary or less	Secondary	Tertiary or above
Occupation	0.212	0.268	0.281	0.108
Sector	0.374	0.398	0.412	0.205

Source: Authors' own calculations. Weights used accordingly.

Conclusion

The objective of this study was to calculate and shed light on the gender pay gap and other labour-market inequalities in Kenya. Strikingly, there is an employment gap between women and men of 10.1 percentage points (p.p.) overall, and this increases to 14.1 p.p. among adults aged 25–49 years. Among the employed population, women consistently work fewer hours than men. The unadjusted gender pay gaps in Kenya are 31.1 per cent at the monthly level and 17.7 per cent at the hourly level, highlighting differences in working hours. Unadjusted gender pay gaps are seen across all educational levels, being widest among primary-educated individuals but close to zero for tertiary-educated individuals. When analysing marital status, the gender pay gap is notably larger for married individuals. ‘After accounting for individual and labour-market characteristics, the gender pay gap declines, to give an adjusted gender pay gap of 9.5 per cent. A significant portion of the raw gender pay gap (8.7 p.p.) is unexplained by personal and labour-market characteristic, indicating that unmeasured factors such as differences in motivation, bargaining power, social networks and labour-market discrimination affect the gender pay gap in Kenya. Occupational and sectoral horizontal segregation levels are moderate.

Closing the gender pay gap and addressing other labour-market inequalities is important for improving women’s socioeconomic position and achieving social justice for more than half of the world’s population. However, as this study highlights, the gender pay gap and other labour-market inequalities are complex issues influenced by

various factors, such as occupational segregation, differences in education and care responsibilities, discrimination and societal norms. Addressing these issues, therefore, requires a comprehensive approach that involves multiple stakeholders, including governments, employers, civil society organizations and individuals.

In conclusion, achieving gender pay equality and addressing labour-market inequalities require a multifaceted approach involving various stakeholders across the economy. Better data on the pay distribution, collected at frequent intervals, would enable a better understanding of the gender pay gap in the region and inform work to advocate for policies to address it. Public policy efforts to tackle the “explained” part of the gender pay gap could prioritize enhancing educational opportunities for women and girls, promoting women’s participation in high-paying and traditionally “masculine” occupations and sectors, supporting women’s labour force reintegration after career breaks and providing a robust social protection system. Tackling the “unexplained” part of the gender pay gap requires regulating the private sector, to ensure that equal compensation and equal opportunities are provided to women and introducing interventions to break down gendered cultural norms. Policies to recognize, reduce and redistribute women’s and girls’ unpaid care work responsibilities would complement all policy efforts to reduce the gender pay gap. In this way, Kenya can unlock the full potential of its workforce, fostering socioeconomic advancement, innovation and sustainable economic growth.

References

1. The survey comprises 20,289 households and 86,647 individuals. For employment, data on 46,995 individuals aged 15–64 years are used. To identify if a person is employed or not, the following conditions are considered: if the person worked as an employee for wage/salary/commission/in kind; worked on their own account/as an employer on a non-farm business; worked on a farm/holding that was owned/rented; helped in a non-farm business belonging to/run by the household; helped in an agricultural activity/cared for the livestock of the household; worked as an intern/apprentice; or worked as a volunteer. The reference period is the past week. The employment conditions also capture those who were absent from work in the past week, had a contract to return to the same job and will pursue the return in less than three months. To analyse wages, basic salary in the last month is relied on. This was reported by 9,440 wage employees, of whom 94 individuals had zero wages (usually apprentices and/or new hires) and 55 individuals had a positive wage but a “non-employment” status (i.e. cases where some compensation continued after employment termination). These 149 individuals are hence excluded from further treatment, leaving a sample of 9,291 individuals for the analysis of wages. Moreover, for 2,551 individuals, only a wage range was provided and therefore the median wage was inputted in the respective range. To arrive at the hourly wage, the monthly wage is divided by the usual number of hours worked per week.
2. World Bank (2023). “Population, Total.” Accessed 17 November 2023. <https://data.worldbank.org/indicator/SP.POP.TOTL>.
3. World Bank (2023). “Gender Equality Assesses the Extent to Which the Country has Installed Institutions and Programs to Enforce Laws and Policies that Promote Equal Access for Men and Women in Education, Health, the Economy, and Protection Under Law.” Accessed 17 November 2023. <https://databank.worldbank.org/metadataglossary/country-policy-and-institutional-assessment/series/IQ.CPA.GNDR.XQ>.
4. World Bank (2023). “CPIA Gender Equality Rating (1 = Low to 6 = High) – Kenya.” Accessed 17 November 2023. <https://data.worldbank.org/indicator/IQ.CPA.GNDR.XQ?locations=KE>.
5. UN Women (2023). “Kenya.” Accessed 17 November 2023. <https://data.unwomen.org/country/kenya>.
6. Please refer to Fortin et al. (2011) for a detailed discussion of the methodology.
7. The Duncan Segregation Index is a measure of occupational/sectoral segregation based on gender that gauges whether there is a larger than expected presence of one gender over the other in a given occupation or sector. A Duncan Segregation Index value of 0 indicates perfect gender integration within the workforce, while a value of 1 indicates complete gender segregation.