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The Impact of Gender Wage Differentials on Economic Growth in Kenya

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ABSTRACT

Purpose: This study investigates the impact of gender wage differentials on Kenya's economic growth.

Methodology: The study utilized a correlation research design and time-series data spanning 2012 to 2023. Econometric modeling was applied to evaluate the relationship, with economic growth as the dependent variable and gender wage differentials as the independent variable.

Findings: Descriptive statistics revealed that the gender wage gap, measured by the gender wage gap index, exhibited significant variations over the study period, with an average index of 0.531. Regression analysis demonstrated a statistically significant negative relationship ($\beta = -0.249$, $p < 0.01$) between gender wage differentials and economic growth, with a moderate explanatory power ($R^2 = 0.269$). The findings suggest that persistent wage disparities undermine economic productivity by constraining female labor participation and limiting household investment in education and health.

Unique contribution to theory, practice and policy: These results underline the urgency of addressing occupational segregation, pay inequity, and structural barriers through targeted economic policies, affirmative action, and enforcement by the National Gender and Equality Commission (*NGEC*). This study contributes to the literature on gender economics and highlights the importance of equitable wage structures in achieving sustainable development goals, particularly SDG 5 (*Gender Equality*) and SDG 8 (*Decent Work and Economic Growth*). Future research could explore sector-specific effects to refine policy interventions.

Keywords: *Gender Wage Differentials, Economic Growth, Labor Market Disparities, Gender Economics, Occupational Segregation, Wage Inequality, Statistical Analysis*

INTRODUCTION

A differential wage system is a structured approach to compensating employees based on predefined factors such as skill level, experience, responsibilities, or performance. Rather than applying a uniform pay scale, this system allows for wage variations to incentivize skill enhancement, increased responsibility, and higher performance levels. It also serves as a mechanism for employers to attract and retain employees with specialized skills critical to organizational success (Zareen et al., 2020). Organizations can foster a motivated workforce by integrating monetary and non-monetary rewards, ultimately driving sustainable growth and productivity (Sakineh et al., 2019). However, a prevalent issue within this framework is the persistent gender-based wage inequality, which remains a significant concern globally (Jonah & Yousuo, 2013)

Gender equality is critical in driving economic growth, poverty reduction, and effective governance. A prominent form of gender inequality is the wage gap, defined as the disparity in average earnings between men and women, expressed as a percentage of median male earnings (Kunze, 2018). This gap reflects systemic inequities in labor markets and hinders the optimal utilization of human capital, thereby reducing overall economic efficiency. The persistence and severity of the gender gap vary across regions, influenced by disparities in legal rights, social norms, and economic opportunities. Globally, many women face significant disadvantages in accessing legal, social, and economic resources, perpetuating inequality and limiting their economic contributions (Widayanti et al., 2013). Addressing these disparities is a social imperative and an economic necessity for fostering inclusive and sustainable growth.

Gender equality is a key issue of economic growth as it strengthens the ability of countries to grow, reduce poverty, and govern effectively. One form of gender inequality is the wage gap. The gender wage gap is the difference in average earnings between men and women, and it is measured as a percentage of the median earnings of men (Kunze, 2018). The gender gap persists in all aspects of life in this world. The nature and extent of the gap varies in different countries or regions. In most countries, women are experiencing gaps in legal, social, and economic rights (Widayanti et al., 2013).

Gender wage differentials may act as a stimulus to growth in semi-industrialized export-oriented economies. Lower relative wages in female-dominated industries will make investment attractive because of high expected profitability, boosting exports and economic growth (Schober & Winter-Ebmer, 2011). Ramanayake and Ghosh (2017) further indicated that increased income for women is linked to a larger share of the household budget used for household services, health, and education, which results in better outcomes for child health. However, wage gaps that deteriorate women's income position or discourage them from entering the labor market could negatively affect their bargaining power within the household. Therefore, the human capital endowments of the next generation might suffer and restrain development.

Countries that are more gender-equal, such as Iceland, Finland, and Sweden, rank top among the happiest nations in the world and are motivated by social inclusion and free public services. The ILO report shows that gender pay gaps are found in almost all countries (ILO, 2018, 2019). First, on average, women earn 20 percent less than men worldwide. Second, factors that often determine wages, such as level of education, do not seem to explain the gender pay gap. Mothers earn lower wages than non-mothers, in what is commonly called the 'motherhood penalty.'

There is also a tendency for wages to be lower in enterprises where the workforce is predominantly female. Closing the gender wage gap is vital to obtaining social justice for employed women and achieving the SDGs. Although the United States (U.S.) Equal Pay Act of 1963 (USEPA63) prohibits unequal pay for men and women. Despite dramatic human capital gains since the 1990s (Blau & Kahn, 2017), the salary gap between male and female workers in the United States working in similar or the same jobs has not been closed (Sanfey et al., 2017). In 2018, the United States Department of Labor (DOL) found that Humana, Inc. paid women at its company headquarters less than similarly situated men during 2016 and 2018, in a statistically significant pattern of gender discrimination (Nieves, 2018). Even though wage disparity based on gender is illegal and unethical, Human Resource (HR) departments and compensation committees continue to create disparate pay systems (Swain, 2019).

In Japan, the gender wage gap represented a 24.3 percentage point difference between median male and female wages, double the average of OECD countries (members of the Organization for Economic Co-operation and Development). Despite attempts made by the Japanese government to promote women's economic activity, Japan ranks 110 out of 149 countries based on the World Economic Forum's 2018 Gender Gap Index (Ng et al., 2021). The main reason for this low ranking is attributed to the gender pay gap. According to the Organization for Economic Cooperation and Development (OECD) (2018), Japan's gender pay gap was 24.5%, the second largest amongst OECD nations. Although income distribution in Japan is relatively equal to that of OECD countries, inequality in income has significantly increased (OECD, 2014). This could result in financial instability (Israel & Latsos, 2020), affecting the growth of the economy and contributing to social conflict (OECD, 2014). Over the years, Japan has made slow progress toward reducing gender inequality. One of the reasons contributing to this is an increase in the number of women pursuing higher education (Gordon, 2017). This has led to organizations recruiting more female employees with degrees to work in advanced occupations of higher remuneration (Diamond, 2017). However, employers are only willing to invest in developing a woman's career if they can demonstrate that they prioritize work over family (David et al., 2024).

In Africa, women are more likely to be employed part-time in the informal sector and often in precarious employment with less pay (Nordman & Wolff, 2019). Over the last few decades, there has been considerable momentum in examining the existence of inter-industry gender pay disparities, both across time and countries, with specific sectors paying more than others even after

controlling the divergence in workers' endowments. This is more pronounced when examined from a gender perspective (Abdiaziz & Kiiru, 2021).

The Gambia has made progress in protecting women's rights and enhancing their economic participation. However, significant challenges remain. Women continue to suffer from discriminatory social norms, and the tripartite legal framework comprising common, sharia, and customary law has led to significant limitations in the legal protection of women's rights. This has resulted in limited access for women to assets such as land and poor gender equality outcomes. The government has taken steps to address these challenges. For example, The Gambia is a signatory to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the Protocol to the African Charter on Human and People's Rights on Women's Rights in Africa (Maputo Protocol). The Ministry of Gender, Children, and Social Welfare has championed revising several discriminatory laws against women (Barry et al., 2024).

Notably, the gender pay gap is a prevalent feature of Uganda's labor market. The existence and persistence of the gender pay gap have unfavorable outcomes at both the individual and societal levels. For example, the gap is more frequently connected with higher poverty levels and inequality among women (Ssebagala, 2017). Gender wage gaps can negatively impact economic growth in Ethiopia by reducing women's bargaining power and independence, leading to lower GDP growth rates. Women's earnings can also contribute to economic growth by increasing consumption, expenditure, savings, and investment (Abegaz & Nene, 2023).

In Kenya, The Constitution of Kenya (2010) emphasizes gender equity and inclusivity in employment. In addition, Article 27 guarantees equality before the law, prohibiting discrimination based on various grounds, including gender. It mandates affirmative action to rectify past discrimination. Article 41 ensures fair employment practices. Articles 27(6) and 81(b) require gender balance in elective or appointive bodies. Article 232 promotes transparent and gender-equal recruitment in public service. In addition, the two-thirds gender rule in the Kenyan Constitution mandates that no more than two-thirds of elected or appointed public body members can be of the same gender, as outlined in Articles 27(8) and 81(b). The presence of gender employment gaps, wage disparities, occupational segregation, and imbalanced representation in leadership roles highlights the lack of a truly equitable and inclusive employment sector. The gender gap in employment in Kenya is a significant issue, reflecting disparities in access to opportunities and economic empowerment between men and women. The general trend in employment is that more men are in the employment sector than women. While there has been progress, women continue to face challenges in accessing employment (Maina et al., 2024).

Problem Statement

Gender wage disparities in both developed and developing economies have become a priority agenda because of their perverse implications on poverty as well as economic growth. Addressing these disparities remains central to achieving Sustainable Development Goal 5 (SDG 5), which

emphasizes gender equality and aims to eliminate persistent gender gaps. According to the International Labour Organization (ILO), women globally earn approximately 20% less than men on average. However, this wage gap varies significantly across countries, ranging from negligible differences to over 45%. The economic cost of gender disparity is staggering, with an estimated $160.2 trillion in lost human capital—equivalent to twice the global GDP (World Bank, 2018).

In Kenya, gender wage disparities persist as a significant issue in Kenya's workforce, reflecting deep-seated inequalities in both the public and private sectors. Despite advancements, women continue to earn substantially lower wages than their male counterparts. This wage gap is evident in various sectors, with women consistently receiving lower pay for similar work. On average, the gender pay gap is 17.7% per hour and 31.3% per month in Kenya. Discrimination, education, and unionization are fundamental elements influencing the gender wage gap and the prejudice of women. If nothing is done, the gender wage differential will likely increase.

Past studies have been done, but little has been done on the effect of gender wage differentials on the economic growth rate in Kenya. For example, in Nigeria, Isumere, Nnabuife, and Ifeanyi (2024) focused on the differential wage system and employee performance in Imo State, Nigeria, beverage manufacturing firms. Swain (2019) focused on US female employees' experiences with gender-based wage disparity.

The current study, therefore, focused on the effect of gender wage differentials on the economic growth rate in Kenya being an identified pressing gap.

Objectives of the Study

The study aimed to determine the effect of gender wage differentials on the economic growth rate in Kenya.

Hypothesis of the Study

H_{01}: Gender wage differentials have no significant effect on the economic growth rate in Kenya.

Justification of the Study

Understanding the gender wage differentials would raise awareness among employees, employers, and policymakers, lead to actions for the mitigation of economic inequalities, support women in realizing their productive potential, and ultimately support economic growth. The research directly aligns with the objectives of Sustainable Development Goals (SDGs), particularly SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth), by advocating for equitable wage structures and inclusive labor markets.

This localized focus provides valuable insights into the dynamics of wage inequality within the Kenyan context. The findings will serve as a critical resource for scholars, academicians, and policymakers, offering a foundation for further research and shaping interventions aimed at closing gender wage gaps and fostering sustainable economic development.

LITERATURE REVIEW

Wolszczak-Derlacz (2013) focused on the impact of the gender wage gap on sectorial economic growth through–a cross-country approach. The study showed that gender wage discrimination in export-oriented semi-industrialized countries might foster investment and general growth. At the same time, the original analysis does not have internationally comparable wage discrimination data. The study found that gender inequality hurts growth.

Kennedy et al. (2017) focused on reducing gender wage inequality increases economic prosperity for all: Insights from Australia. This paper extends the debate about redressing persistent gender inequality in Australia by examining the relationship between labor productivity and the wage gap in all states and territories (1986–2013). It is a critical case study as Australia's widening gender wage gap contradicts other developed nations. The study results suggest a strong business case for eliminating the gender wage gap.

Bintoro (2021) focused on economic growth and the gender wage gap case in ASEAN's 6 member countries. This study was conducted with secondary and quantitative data, using Stata 15 as a data processor. A causal research design was used. From data collection and process, the gender pay gap hurts economic growth. The more significant the gap, the more the economic growth will decline.

Ali and Jiang (2016) focused on the relationship between gender wage inequality and economic growth in Pakistan. It is confirmed from the empirical results that a long-run relationship exists between economic growth and wage differential. The unrestricted error correction model findings indicate that wage inequality negatively and significantly impacted economic growth in the long run. The results of this study showed dissimilarity with the findings of Seguino (2020), who found that there is a constructive association between wage inequality and economic growth. An important finding from the present examination is that the gender wage gap is detrimental to growth in the long run. Policies should be made to reduce the gender wage gap.

Kaya (2019) investigated gender wage differentials across earnings distribution by evaluating the role of corporate segregation. The author noted that discriminatory employment patterns were more significant at the top of the ladder than at the lower levels. This pattern worsened later in women's careers among workers in the same firm. In another study, Fitzenberger and Wunderlich (2022) found that gender pay differences have considerably reduced in the lower portion of the wage distribution for low and medium-skilled women than for high-skilled women.

Javed et al. (2022) focused on gender wage disparity and economic prosperity in Pakistan. Using provincial-level data from 2000 to 2020, the study estimated a multivariate regression model using the regressive Distributive Lag (ARDL) pooled mean group (PMG) technique. The results reveal that wage inequality, government development spending, labor force participation, and human development significantly affect economic prosperity. It is concluded that gender disparity in the

labor market is the main hurdle in the economic well-being of the masses in the country. Reducing the differences in wages will enhance overall economic prosperity.

Abegaz and Nene (2022) focused on gender wage and employment gaps in the Sub-Saharan African economic sectors. The descriptive statistics indicated significant gaps in employment and human development achievements, with a declining trend over the past few years. Moreover, the empirical review shows a significant wage gap, which is higher in the informal and self-employment sectors. A large proportion of the gap remained unexplained by worker and job characteristics, reflecting rampant labor market discrimination against women. Selection across sectors, occupations, firms, and human capital differences in education and experience account for most of the explained wage gaps.

Orji and Nwosu (2024) analyzed the gender wage gap and the Nigerian labor market: A new empirical evidence. The study applied an extension of the Oaxaca–Blinder decomposition that relies on the re-centered influence function (RIF) regressions to analyze the gender wage gap at all points along the wage distribution. The results unambiguously show that there is a significant gender wage gap in Nigeria at all points along the wage distribution, such that for the two surveys used and after nearly two decades, men still earn more than women. The log wage difference between males and females is statistically significant at all points between the 10th and the 90th quantiles. In the 2003–2004 period, the authors found that most of the wage difference was significantly accounted for by the wage structure effect, while the composition effect was negative and only significant at the bottom of the wage distribution.

Photo (2022) focused on gender equality and economic growth in South Africa: a feminist institutional analysis. The study sought to describe the role of gender in social, political, and economic life and to determine how gender roles are delineated and defined in South Africa, as well as how this has affected formal institutions and institutional change. Gender disparities in unpaid reproductive duties are also associated with gender inequalities in labor force participation; this link is often overlooked (OECD, 2014). South African women spend 249.6 minutes on unpaid care work compared to men who spend 102.9 minutes (OECD, 2022).

Nkoumou Ngoa and Lemven Wirba (2021) focused on gender disparities in the Ugandan urban labor market: an analysis of the gender wage gap. Results show that men enjoy a wage premium over women at the mean and across the wage distribution. Findings further indicate that the gender wage gap is wider at the lower tail of the distribution, thereby revealing the existence of a sticky-floor phenomenon in the Ugandan urban labor market. Despite the actions and strategies put in place in Uganda to reduce the gender gap in education and training in the country, human capital variables still have a strong mitigating effect through returns to endowments (discrimination).

Abdiaziz and Kiiru (2021) focused on inter-industry gender wage differentials in Kenya. This study sought to investigate inter-industry gender wage gaps in Kenya. The results of the inter-industry gender pay differences reveal that even after accounting for personal characteristics and

gender pay differences across the industries (except in the agriculture, fisheries, and mining sectors), women still receive less pay than men. Men's wages were 27.2 percent higher than women's in commerce and trade. Based on a counterfactual analysis, women's earnings would increase by 17.5 percent if they had the same characteristics as men. In the services sector, men earned 28.5 percent more than women, and women's wages would increase by 22 percent if they had the same characteristics as men. In the manufacturing and construction sector, men earned 23.1 percent more than women, and the counterfactual analysis showed that their earnings would increase by 18.4 percent if they had the same characteristics as men. In the agriculture, fisheries, and mining sectors, 57.9 percent of the difference was due to human capital characteristics such as endowments. Admittedly, we find evidence of gender penalty in Kenya's labor market as there exist inter-industry gender wage differentials explained less by the observable characteristics such as age, marital status, experience, tenure, education, profession, and sector of employment but more by the unobservable variables such as discrimination.

Bertay, Dordevic, and Sever (2020) focused on gender inequality and economic growth: Evidence from industry-level data. By allocating female labor to its more productive use, the study hypothesizes that reducing gender inequality should disproportionately benefit industries with a higher female share in their employment than other industries. Specifically, the study exploits within-country variation across industries to test whether those that typically employ more women grow relatively faster in countries with lower gender inequality. The test allows us to identify the causal effect of gender inequality on industry growth in value-added and labor productivity. Our findings show that gender inequality affects actual economic outcomes.

Onuonga (2014) focused on gender inequality, financial development, and economic growth in Kenya. The study used the Autoregressive distributed lag model to investigate the long-run relationship among the variables. Secondary data was used to cover the period from 1980 to 2012. The study results show a long-run relationship between gender inequality, financial development, government expenditure, investment, economic growth, and trade openness. The findings also revealed that gender inequality negatively impacts economic growth, while financial development positively impacts economic growth. Further results indicate that government expenditure, investment, and trade openness positively impact economic growth.

Research Gaps

Past studies have been conducted but have demonstrated various gaps. These gaps included conceptual gaps, contextual gaps, and methodological gaps. Kennedy et al. (2017) adopted a case study research design, Onuonga (2014) used the Autoregressive distributed lag model, Ali and Jiang (2016), and Bintoro (2021) adopted a causal research design. The studies, therefore, presented a methodological gap. The current study adopted a correlation research design.

Wolszczak-Derlacz (2013) was done in OECD countries, Kennedy et al. (2017) study was done in Australia, Ali and Jiang (2016) study in Pakistan, Abegaz and Nene (2022) study was done in Sub-

Saharan Africa, Orji and Nwosu (2024) study was done in Nigeria, Pheto (2022) study was done in South Africa, Nkoumou Ngoa and Lemven Wirba (2021) study was done in Uganda. The studies presented a contextual gap. The current study was done in Kenya.

Kaya (2019) investigated gender wage differentials across earnings distribution by evaluating the role of corporate segregation. Abegaz and Nene (2022) focused on gender wage and employment gaps in the Sub-Saharan African economic sectors. Nkoumou Ngoa and Lemven Wirba (2021) focused on gender disparities in the Ugandan urban labor market. The studies, however, left out the aspect of economic growth, thus showing a conceptual gap.

Theoretical Framework

This study was informed by two theories: efficiency wage theory and human capital theory.

Efficiency Wage Theories

Efficiency wage theory holds that labor efficiency depends on the wage paid to workers. These models suggest that the efficiency of workers is positively related to the real wage they are paid and that wage cuts will automatically lead to increased labor costs. Under the shirking model advanced by Shapiro & Stiglitz (1984), companies pay wages above the equilibrium level to enable workers not to cheat or shirk but to commit to work. The turnover model (Stieglitz, 1974) suggests that companies pay higher wages to minimize labor turnover. The adverse selection model (Weiss, 1980) put forward that a higher pay offer attracts a group of employees of better quality. The sociological model (Akerlof, 1984) asserts that higher pay motivates workers, increasing labour productivity. The nutritional model by Leibenstein (1957) reveals that firms pay more wages to have well-nourished and healthier employees. This results in increased output. Conditions necessitating efficiency wage payments differ across enterprises. This suggests that employees with equal effective traits are rewarded differently based on enterprise connection.

This theory was found relevant in this study. The theory suggests that paying employees more than the market rate improves productivity and loyalty and reduces turnover.

The Human Capital Theory

Human capital theory was first developed by Adam Smith (1776). Therefore, this theory views human capital as a resource that organizations can invest in and is of value to the organization to the extent that it makes the organization competitively productive. According to the theory, the argument holds that a worker's increased dexterity can be compared to a machine or tool of the trade that facilitates and shortens labor, and while incurs some expense, it makes back that expense through a profit. Adam Smith observed that any worker's attributes (education, talent, and ability) majorly impact wage differential. His assertion demonstrates the importance of human capital as a key production factor. From this theory, gender differences in the human capital production results in a wage gap.

Additionally, the cost of higher education is higher. On the other hand, more education boosts employee productivity and output. Smith (1776) stated in The Wealth of Nations that people with different levels of education had different working styles and variations in the wages required to cover the costs of attaining those talents, which were reflected in the levels of education and training. Similarities exist between investing in human capital via expenditures on education and training and further investing in physical capital through expenditures on machinery.

Economists such as Schultz (1961) recognized human capital as one of the important factors of national economic growth in the modern economy. The human capital theory proposed that the skills that people acquire are a form of capital, human capital; that these are acquired through deliberate investments in education; that skills are the capacities that contribute to economic production; and that earnings in the labor market are how a person's productivity is rewarded. This form of capital had grown in Western societies at a rate faster than "conventional" (nonhuman) capital, and its growth has been the most distinctive feature of the economic system of the mid-20th century (Schultz, 1961).

Dauda et al. (2010) argue that the human capital theory modifies Adam Smith's explanation of wage differentials by the so-called net (dis)advantages between different employments. With the beginning of the new millennium, it has become increasingly apparent that education and human capital constitute key elements of modern economies. Human capital is 'generally understood to consist of the individual's capabilities, knowledge, skills and experience of the company's employees and managers, as they are relevant to the task at hand, as well as the capacity to add to this reservoir of knowledge, skills, and experience through individual learning (Ghansah, 2011).

Pratt and Hanson (1991) agree with the human capital theory's emphasis on women's domestic labor as a significant source of occupational segregation. However, they believe that the human capital argument highlights the wrong set of variables (those related to women's labor force discontinuity) and overlooks those more immediate geographic factors that contribute forcefully to occupational segregation.

Adam Smith was the first to propose compensating wage differentials in 1776. Smith pointed out that compensating wage differentials exist to reward employees for non-wage job considerations. This theory suggests that employee pay disparities exist due to different characteristics of jobs within and between firms. The theory postulates that gender pay disparities exist not due to employer discrimination against women but due to worker productivity, education, and tenure differences. According to the human capital theory, human capital is associated with individual attributes such as education, sex, race, and employment history. Education increases workers' skills and subsequently increases their productivity and earnings. Further, institutions such as labor unions advocate and influence monetary and non-monetary considerations in the labor market. They individually bargain for higher wages as employees face difficulties demanding higher wages.

Conceptual Framework

As per Kombo and Tromp (2009), a concept is an abstract or general concept of its conclusion or derived from a specific case. This conceptual framework is a set of ideas and general principles derived from relevant research areas used in subsequent presentation demonstrations. Kothari (2004) defined independent (explanatory variables) as the hypothetical cause of the dependent variable, which is the variable the researcher wishes to interpret.

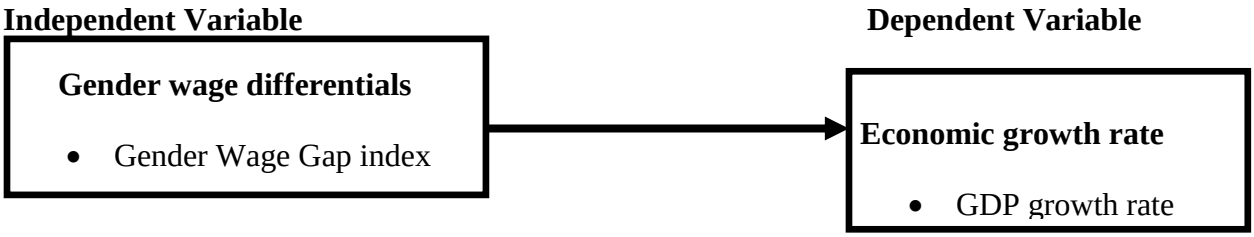

Figure 1: Conceptual Framework

RESEARCH METHODOLOGY

Research Design

This study adopted a correlation research design. Correlation research tests for statistical relationships between variables. Correlation research represents a general approach that focuses on assessing the covariation among naturally occurring variables (Kioko, 2011). Correlation survey research aims to identify predictive relationships using correlations or more sophisticated statistical techniques (Cooper & Schindler, 2006). The results of correlational research also had implications for decision-making, as reflected in the appropriate use of prediction.

Data Collection

The study was a time series in Kenya where 13 years of data were collected (2012 – 2023). The timeframe from 2012 – 2023 was chosen to give an appropriate sample size for data analysis during project work. Therefore, the total number of observations was 13, which comprised the target population. Since the target population was small, no sampling was done.

Data analysis

First, the data from the data collection instruments were compiled and edited in an Excel spreadsheet using an acceptable format to enable data analysis by SPSS. The data was then transferred from Excel to SPSS version 22, econometric software for analysis. This study used SPSS for data analysis because the software can analyze time series data in a time range. Since the study used time series data for 13 years, the software was most appropriate (Arkkelin, 2014).

The researcher then analyzed the descriptive statistics for each study variable to get their mean, standard deviation, and minimum and maximum values. Afterward, the researcher ran the

regression in SPSS, which helped determine the direction and strength of the relationship between the study variables. The econometric model of this study was expressed as follows:

$Y= \beta_0 +\beta X+\varepsilon$.....Eq 3.1

Where:-

Y = Economic growth rate (dependent variable)

X = Gender wage differential (independent variable)

β0 = Constant term representing time-invariant firm-specific effects

β = Coefficient capturing the relationship between gender wage differentials and economic growth

ε= Random disturbance/Error term

RESULTS AND DISCUSSIONS

Descriptive Statistics

Table 1 shows the descriptive statistics for the gender wage gap index and GDP growth rate for 2016–2020.

Table 1: Descriptive Results

	Gender Wage Gap Index	GDP Growth Rate
Mean	0.531	0.023
Std. Deviation	0.21004	0.097
Minimum	0.214	-0.300
Maximum	0.730	0.079

The results showed that the mean gender wage gap index between 2011 and 2023 was 0.531 and a standard deviation of 0.210. The minimum gender wage gap index between 2011 and 2023 was 0.214, while the maximum was 0.730. The results showed that the mean GDP growth rate between 2011 and 2023 was 0.023 and a standard deviation of 0.098. The minimum GDP growth rate between 2011 and 2023 was -0.30, while the maximum was 0.079.

Trend Analysis

This section presents the analysis of the trends of the variables. The study conducted a trend analysis to establish the movement of the variables over time.

Trend Results for gender wage gap index

The trend results for the gender wage gap index are shown in Figure 4.1.

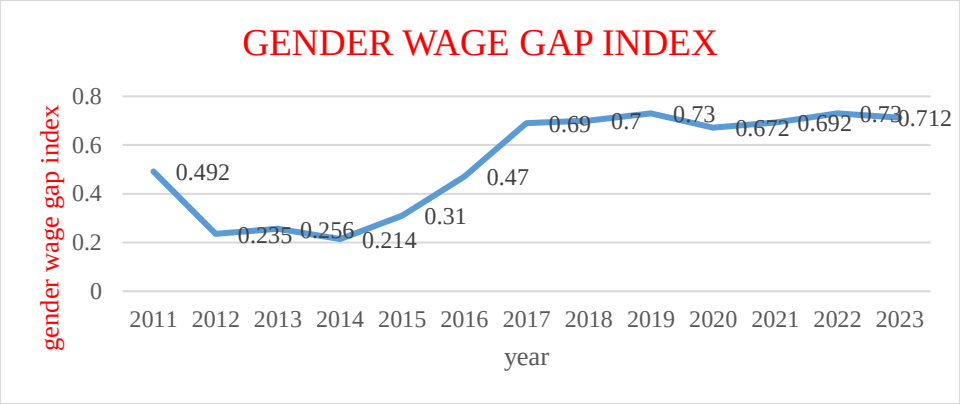

Figure 1: Gender Wage Gap Index

The results showed that the gender wage gap index was 0.492 in 2011 but declined to 0.235 in 2012 and increased to 0.256 in 2013. The results also showed that the gender wage gap index decreased to 0.214 in 2014, increased to 0.31 in 2015, increased to 0.47 in 2016, increased to 0.69 in the year 2017, and further increased to 0.7 in 2018. The gender wage gap index further increased to 0.73 in 2019 but declined to 0.672 in 2020 and further increased to 0.692 in 2021. The gender wage gap index further increased to 0.73 in the year 2022 but declined to 0.712 in the year 2023. This clearly shows that the gender wage gap has been increasing for most of the years

Trend Results for GDP Growth Rate

The trend results for the GDP growth rate are shown in Figure 4.2.

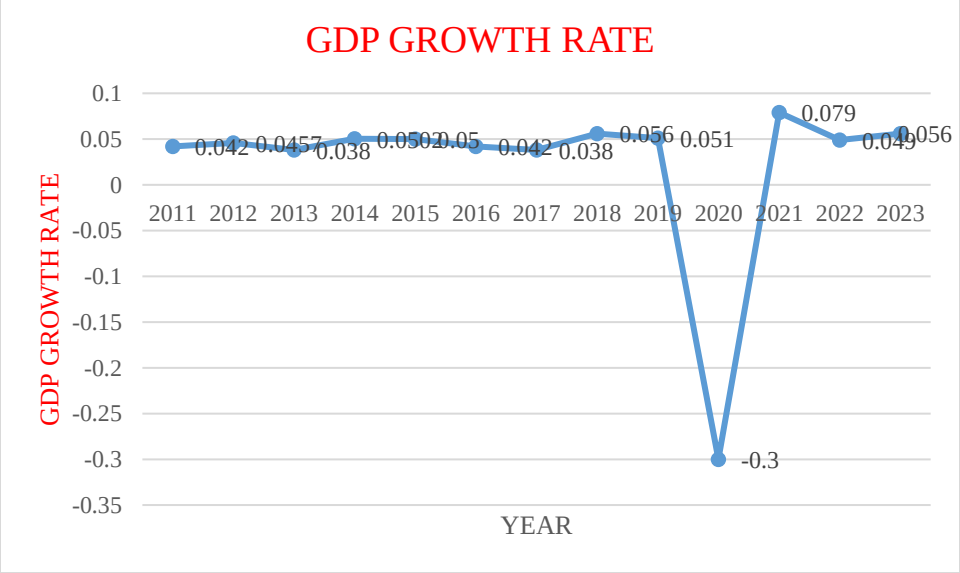

Figure 2: Gender Wage Gap Index

The results showed that the GDP growth rate was 0.042 in 2011 but increased to 0.0457 in 2012 and declined to 0.038 in 2013. The results also showed that the GDP growth rate increased to

0.0502 in 2014, decreased to 0.050 in 2015, decreased to 0.42 in 2016, decreased to 0.038 in 2017, and further increased to 0.056 in 2018. The GDP growth rate decreased to 0.051 in 2019 but declined to -0.30 in 2020 and increased to 0.079 in 2021. The GDP growth rate further decreased to 0.049 in 2022 but declined to 0.056 in 2023. This clearly shows that the gender wage gap has been increasing for most of the years

Regression Analysis Results

Regression analysis helps one understand how the typical value of the dependent variable changes when any independent variable is varied while the other independent variables are held fixed (Mugenda & Mugenda, 2010). On the same note, Wan (2013) contends that regression analysis helps generate an equation that describes the statistical relationship between one or more predictor variables and the response variable.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.519a	0.269	0.203	0.08712

Results showed that the R was 0.519. This implies that the gender wage differential had a moderately strong correlation with the economic growth rate in Kenya. In addition, the R square was 0.269. This infers that the gender wage differential explains 26.9% of the variations in the dependent variable, which was the economic growth rate in Kenya.

ANOVA was computed to determine the gender wage differential as a predictor for the economic growth rate in Kenya. Results are presented in Table 4.14.

Table 3: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.031	1	0.031	14.055	.000b
Residual	0.083	11	0.008		
Total	0.114	12			

The study results further revealed that the gender wage differential predicted Kenya's economic growth rate significantly (p=0.000). This was further supported by the F statistic of 14.055. This indicated the statistical significance of the regression model that was run and that, overall, the regression model statistically significantly predicted the economic growth rate in Kenya (it was a good fit for the data)

Regressions of coefficient results are presented in Table 4.

Table 4: Regression of Coefficient

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

(Constant)	-0.012	0.03		-0.398	0.698
Gender Wage Gap Index	-0.249	0.064	-0.235	-3.873	0.000

The regression equation further revealed a negative and significant relationship between gender wage differential and economic growth rate (β= -0.249, p=0.000). Therefore, the study rejects the null hypothesis that gender wage differentials have no significant effect on the economic growth rate in Kenya. The study, therefore, concluded that gender wage differentials significantly affect the economic growth rate in Kenya.

$Y= -0.012 -0.249X+\varepsilon$

Where:-

$Y =$ Economic growth rate (dependent variable)

$X =$ Gender wage differential (independent variable)

$\beta_0 =$ Constant term representing time-invariant firm-specific effects

$\beta =$ Coefficient capturing the relationship between gender wage differentials and economic growth

$\varepsilon =$ Random disturbance/Error term

CONCLUSIONS

There are gender wage disparities in practically every nation. First, women worldwide make 20% less money than males on average. Second, the gender pay disparity is not explained by factors that typically impact salaries, such as educational attainment. In addition, Kenya has a significant gender pay gap, with women earning less than men on average. Reducing the gender wage gap can enhance women's labor participation, and they will spend their earnings instead on children's education and health. This investment in future generations will cause a more productive and efficient labor force, which will benefit long-term growth. The study also concluded that the trend for economic growth has been irregular in Kenya from 2011 to 2023. However, the gender wage gap has increased from 2011 to 2023. Further, there was a negative and significant relationship between gender wage differential and economic growth rate

RECOMMENDATIONS

Implementing and upholding gender-sensitive policies to prevent discrimination and advance equitable representation by granting the National Gender and Equality Commission (NGEC) enforcement authority is necessary to address the gender gap, salary inequities, and occupational segregation in the workplace. This involves examining and implementing affirmative action or gender quotas in public and private spheres. By providing vocational training programs designed

to close the skills gap, these programs allow women to enter higher-paying employment. Enforcing the Elections and Political Parties Acts of 2022's gender equality provisions would assist in alleviating the gender gap in leadership positions by promoting gender parity in political representation and allocating nomination slots to women, which can help fulfill the two-thirds gender rule.

A disproportionate number of low-paid workers are women, and studies suggest that about half of the gender wage gap may be explained by disparities in the occupations of men and women. Increasing the minimum wage will enable diligent women to provide for their families more effectively. After women have children, the gender pay gap widens significantly; however, this may be lessened if men and women could share childcare more fairly. Working parents can split up to 50 weeks of leave and up to 37 weeks of pay during their child's first year, thanks to shared parental leave and pay. Organizations ought to have flexible working hours. Flexible work arrangements allow men to share caregiving duties and women to remain in positions that best suit their qualifications and experience. Working from home, flextime, compressed hours, job-sharing, and part-time work are just a few of the numerous methods to work flexibly.

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