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SOURCE (OR PART OF THE FOLLOWING SOURCE):

Type report
Title Wages in Kenya: Wage Indicator survey 2012
Author(s) K. Tijdens, A. Wambugu
Faculty FdR: Amsterdams Instituut voor ArbeidsStudies (AIAS)
Year 2012

FULL BIBLIOGRAPHIC DETAILS:

<http://hdl.handle.net/11245/1.385089>

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Wages in Kenya

WageIndicator survey 2012

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WageIndicator.org

About WageIndicator Foundation - www.wageindicator.org

The WageIndicator concept is owned by the independent, non-profit WageIndicator Foundation, established in 2003. Its Supervisory Board is chaired by the University of Amsterdam/Amsterdam Institute of Advanced labour Studies, the Dutch Confederation of Trade Unions (FNV) and Monster career site. The Foundation aims for transparency of the labour market by sharing and comparing wage data and labour conditions information. The Foundation operates national websites in some 70 countries. The websites have a so called 3 pillar structure: for wages, for labour law and minimum wages, and for vacancies and education related information. In more than 20 countries the national WageIndicator websites are supported with offline actions like face-to-face surveys, fact finding debates and media campaigns.

WageIndicator Foundation operates globally through a network of associated, yet independent regional and national partner organisations like universities, media houses, trade unions and employers organisations, and self-employed specialists for legal, internet, media issues, with whom the Foundation engages in long lasting relationships. WageIndicator Foundation has offices in Amsterdam (HQ), Ahmedabad, Bratislava, Buenos Aires, Cape Town, Maputo, Minsk.

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About University of Nairobi/School of Economics - <http://economics.uonbi.ac.ke/>

The University of Nairobi (UoN) is the pioneer institution of University education in Kenya and the region. The only institution of higher learning in Kenya for a long time, the University of Nairobi responded to the national regional and Africa's high level manpower training needs by developing and evolving strong, diversified academic programmes and specializations in sciences, applied sciences, technology, humanities, social sciences and the arts. To date, the range of programmes offered number approximately two hundred. The School of Economics was born in 2006 out of the former Department of Economics, one of the largest departments in the University of Nairobi. The School has the largest pool of economists in Kenya and in East Africa, with an academic staff establishment of more than fifty, with more than half of the academic staff currently holding positions in the School having doctorates in Economics. Dr. Anthony Wambugu (economist) is a researcher in the School of Economics. In 2003, he received his PhD from the University of Göteborg, Sweden, on earnings and human capital in Kenya. He published about the multi-dimensional poverty in Kenya: analysis of maternal and child wellbeing, and about the effects of educational attainment on employment outcomes in Kenya. Check sites like Mywage.org/Kenya, or Africapay.org/Kenya.

About University of Amsterdam/Amsterdam Institute for Advanced Labour Studies - www.uva-aias.net

The University of Amsterdam is a 350-years old research university. Its Amsterdam Institute for Advanced Labour Studies (AIAS) is an interdisciplinary research institute focusing on labour issues, particularly industrial relations, organisation of work, working conditions, wage setting, labour-market inequalities, employment and labour market governance. AIAS maintains a large portfolio of internationally funded research projects and international data bases and data collections. Since 2003, AIAS chairs the Supervisory Board of the Wage Indicator Foundation. Kea Tijdens (sociologist) is a Research Coordinator at AIAS and a professor of sociology at Erasmus University Rotterdam. She is the scientific coordinator of the WageIndicator web-survey on work and wages. She has analysed the data concerning the wage ranking of health care occupations in 20 countries, the impact of short-time arrangements in Germany and the Netherlands, and the relationship of collective bargaining coverage and wage brackets.

Special thanks to

Funding partners: DECP, FNV Mondiaal. **Project partners:** ATE, TUCTA, WageIndicator Foundation. **Team members:** Janna Besamusca, Tomás Mamrilla, Oscar Mkude, Lineth Nyaboke Oyugi, Paulien Osse, Kea Tijdens, Anthony Wambugu, Sanne van Zijl.

More information: WageIndicator org, Mywage.org/Kenya and Africapay.org/Kenya.

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Management summary

This WageIndicator Data Report presents the results of the face-to-face WageIndicator survey of the labour force in Kenya, conducted in February 2012, aiming to measure the wages and salaries earned by Kenyan workers, including the self-employed. In total 1,515 persons were interviewed.

The survey distinguishes registered self-employed, employees with a permanent contract, with a fixed-term contract and workers without a contract. Older workers are more often self-employed and they have more often a permanent contract. By contrast, young workers much more often work without an employment contract and they more often have a fixed-term contract. Almost three in ten workers enrolled in primary education (Standards 7 to 8) and almost four in ten enrolled in upper secondary education. Less than four in hundred workers report to be underqualified for their job, whereas two in ten report being overqualified, and this particularly occurs for workers with upper secondary education or more.

Kenya has a national social security fund with 3.7 million registered employees in 2011. This is almost one third of the total labour force. The survey included a question about entitlement to social security. Almost five in ten workers state that they are not entitled, almost five in ten states they are, and a small minority does not know. The survey also included a question about contribution to social security. More than half of the workers say that they do not contribute, while less than half say they do. Employees with a permanent contract relatively often are entitled and contribute to social security, whereas particularly workers without a contract relatively often do not contribute and are not entitled.

The data allow us to investigate who the formal and the informal workers are by ranking them on a 5-categories informality-index. The workers who are not entitled to social security, do not contribute to social security, and have no employment contract is placed at the informal end of the spectrum. The workers who are entitled, do contribute and have a permanent contract are placed at the other end of the spectrum. More than four in ten workers are in the lowest two categories in the index, whereas two in ten are in the highest category. Particularly the workers aged 29 years or younger are relatively often found in the informal categories.

The median net hourly wage of the total sample is 33.67 Kenyan shilling. Almost six in ten workers earn less than 40 KSH net per hour, whereas almost three in ten earn more than 60 KSH. The workers without a contract have the lowest earnings. The lower on the workers rank on the informality-index, the lower their wages. Particularly the most formal workers have relatively high median wages (57.73 KSH). Relative high median wages are depicted for workers with more than upper secondary education. A breakdown by occupational category shows that the managers have the highest median wages, followed by the clerical support workers and the plant and machine operators. By contrast, the service and sales workers and the skilled agricultural, forestry, and fishery workers earn the lowest wages, followed by the elementary occupations.

The daily wages from the workers in the survey have been compared to the minimum daily wage rates, prevalent in the workers' occupation and region. Almost six in ten workers is paid on or above the minimum and four in ten is paid below the minimum wage. Large differences are found according to the informality-index. Only three in ten informal workers are paid above the minimum wage, compared to nine in ten formal workers. Women are more often paid above the minimum wage than men, and so are workers aged 50 years and older. Workers in very small firms are more often paid under the minimum wage threshold. The craft and related trades workers are least paid above the threshold, whereas the managers are most often paid above the minimum wage.

More than two in ten workers participate in a health insurance scheme and almost two in ten in a pension scheme. Almost eight in ten employees report receiving their wage on time. More than six in ten employees receive their wage cash in hand. Collective agreements are a main instrument for wage setting. More than three in ten are covered by an agreement, but eight of ten wish so.

With almost 64 hours the average working week is much longer than the standard 52 hours. It is longest for the self-employed and shortest for the employees with a permanent contract. The service and sales workers and the plant and machine operators report the longest hours, whereas the worker in the elementary occupations report to be working the least hours.

The survey includes a question about satisfaction with life-as-a-whole, to be judged on a scale from 1 – dissatisfied - to 10 – satisfied. Almost one in ten workers indicates to be dissatisfied with life. Another three in ten judge their life satisfaction with a mark between 2 and 5. Another three in ten indicate an overall positive life satisfaction with a mark between 6 and 9, whereas almost three in ten report being satisfied.

1 Introducing the survey

Aim of the survey

This WageIndicator Data Report presents the results of the face-to-face WageIndicator survey in Kenya, conducted in February 2012. The survey aimed to measure in detail the wages earned by Kenyan workers, including the self-employed. In total 1,515 persons were interviewed. This survey is part of the global WageIndicator survey on work and wages. These surveys are also posted on WageIndicator websites. The continuous, volunteer WageIndicator web-survey is an international comparable survey in the national language(s). The survey contains questions about wages, education, occupation, industry, socio-demographics, and alike.¹ Once a WageIndicator survey is created for use on a national WageIndicator website, a paper-based questionnaire for face-to-face interviews can be drafted from the web-survey. These paper-based surveys supplement the web-based surveys in countries with low Internet access rates.

The questionnaire

The WageIndicator survey was adapted from the global standard questionnaire to the Kenyan setting. Most of the questions were retained without changing the intended purpose. The questionnaire is available in one language, namely English, see Table 1. Where needed, the interviewers translated the survey questions.

Table 1 Number of respondents and language of the survey

	Number of respondents	Percent
English	1,515	100%

Source: WageIndicator face-to-face survey Kenya, 2012, unweighted data

Sampling and fieldwork

The WageIndicator Survey in Kenya aimed to draw a random sample in a predefined set of occupations. This set of occupations includes skilled and unskilled occupations in all industries, see Appendix 1 for the list of occupations. The occupations were selected purposively to reflect the occupational structure, as reflected in the Labour Force Surveys in Kenya. Second, the occupations were selected to supplement the WageIndicator web-survey. In this regard, the face-to-face survey took into account the need to include persons in occupations with limited access to internet, as is necessary for the web-survey. Third, the occupations selection was informed by the need for cross-country comparison with other WageIndicator face-to-face surveys in Africa notably Tanzania.² During the fieldwork, in some cases it was easy to identify the respondent's occupation. In other cases, the respondents were asked their occupation. The supervisors and interviewers in each district are widely experienced in conducting Labour Force Surveys.

The survey covered all districts in the country. The target number of respondents (1,500) was distributed across the 61 districts. At the district level, the quota was distributed across the broad occupational categories. Respondents were then randomly selected by specially trained supervisors and interviewers to ensure every occupation was represented. The Survey used the clusters used by the National Statistics Bureau in Kenya. The sampling strategy included both workers in the formal and in the informal sector, including workers in the agricultural sector.

¹ See for more information about the survey Tijdens, K.G., S. van Zijl, M. Hughie-Williams, M. van Klaveren, S. Steinmetz (2010) Codebook and explanatory note on the WageIndicator dataset, a worldwide, continuous, multilingual web-survey on work and wages with paper supplements. Amsterdam: AIAS Working Paper 10-102. www.wageindicator.org/documents/publicationslist/publications-2010/codebook-and-explanatory-note-on-the-wageindicator-dataset.pdf

² See Tijdens, K.G., Kahyarara, G. (2012) Wages in Tanzania. Wage Indicator survey. Amsterdam, Wage Indicator Foundation, Wage Indicator Data Report May 2012

Weighting

Sampling is critical in reaching a national representative survey. However, with only a sampling frame of districts and not one for sampling workers, weighting had to be applied. ILO's Estimates And Projections of the Economically Active Population (EAPEP 6th edition) was used for weighting according to gender and age. Table 2 shows the weights, indicating to what extent the gender/age group in the face-to-face survey was over- or underrepresented in comparison to the labour force estimates. If a weight is lower than 1, the group is overrepresented. If the weight is larger than 1, the group is underrepresented. In this paper, all graphs and tables are derived from weighted data.

Table 2 Weights for the Kenya survey according to age and gender distribution

	Weight	N
Male 12_29 years	1.7	251
Male 30_39 years	1.0	311
Male 40_70 years	0.8	390
Female 12_29 years	0.9	203
Female 30_39 years	0.7	203
Female 40_70 years	1.0	157
Total	1.0	1515

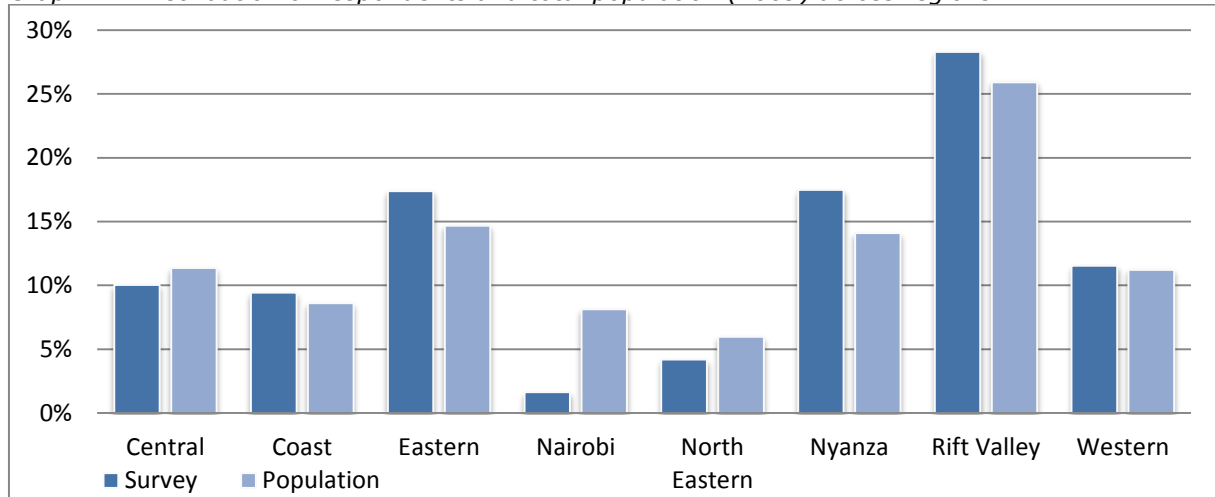
Source: The weights are based on the labour force estimates for 2012, derived from the Estimates And Projections Of The Economically Active Population (EAPEP 6th edition) database of the International Labour Organization (ILO).

2 Socio-demographic characteristics

Regions

With one quarter of the population, the Rift Valley is the most populated region in Kenya (26%), and the survey has even slightly more respondents in this region (28%). The 2nd and 3rd largest regions are Eastern and Nyanza (both 17% in the survey and 15% in the population). The respondents in Nairobi are slightly underrepresented with 2%, whereas its population share is 8%.

Graph 1 Distribution of respondents and total population (2009) across regions

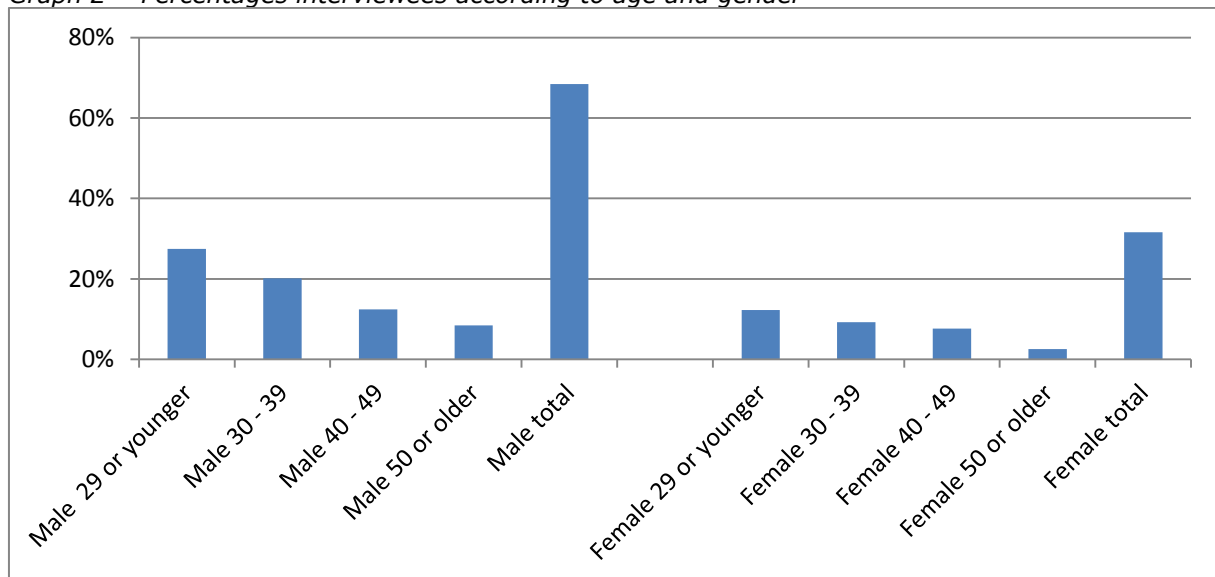


Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515)

Age and gender

Graph 2 reveals the distribution of the workers in the survey over four age groups for men and four age groups for women. More male than female workers were interviewed (68% versus 32%). Compared to older workers more young workers (men and women) aged 29 years or under were interviewed (40%).

Graph 2 Percentages interviewees according to age and gender

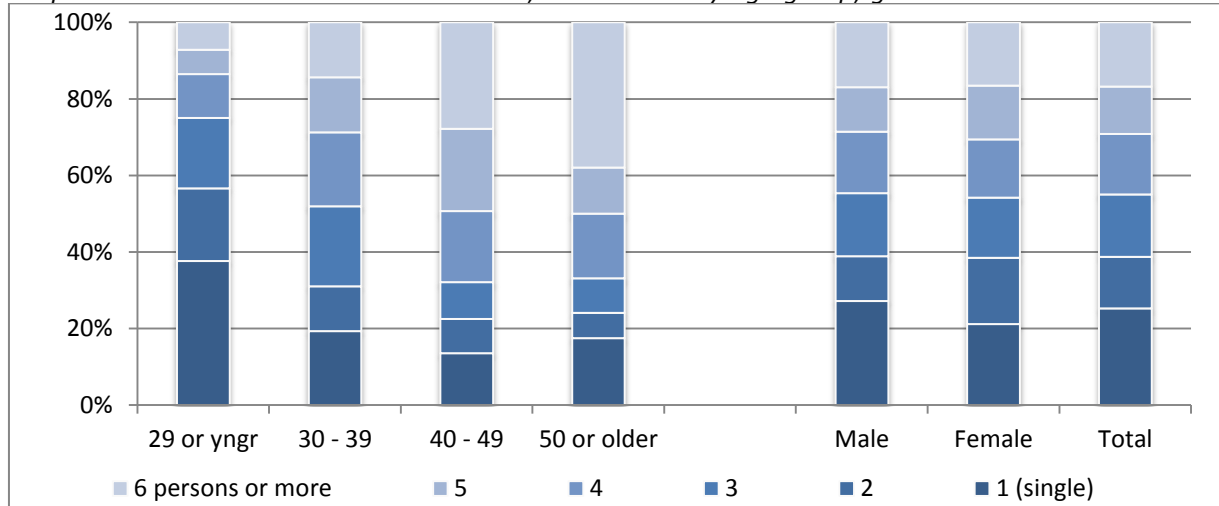


Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515)

Household composition

The workers in the survey live in households with on average almost 3.3 members, including themselves. Graph 3 shows that more than two in ten workers live in a single-person household, whereas almost two in ten live in a household with 6 members or more (see bar total). Not surprisingly, younger workers more often live in a single-person household and older workers do so in a 6-person household. Male workers slightly more often live in a single-person household compared to females, but the two do not differ substantially in this respect.

Graph 3 Distribution over household size, break down by age group, gender and total

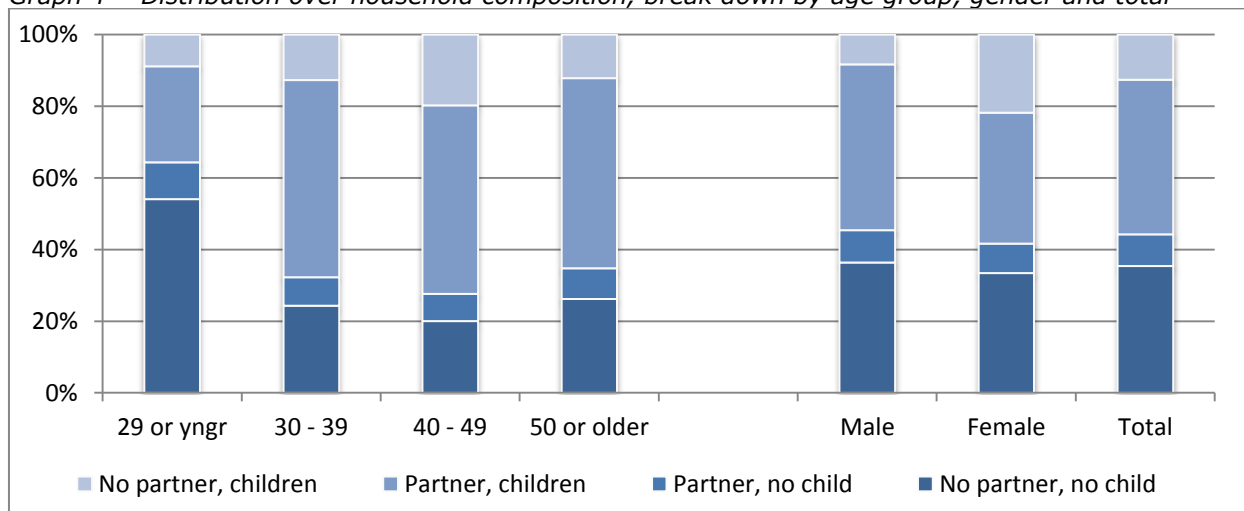


Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515)

Living with partner and children

Do the workers in the survey live with a partner? Graph 4 shows that almost six in ten males and more than four in ten females live with a partner (55% versus 44%). Not surprisingly, the young workers live less often with a partner compared to the older workers. Do the workers in the survey live with children in their households? The survey explicitly asks for children in the household rather than own children, assuming that the worker most likely will have to provide for them. Graph 4 shows that more than five in ten males and almost six in ten females indeed do so (54% versus 58%). More than five in ten workers aged 29 years or younger have no partner and do not live with a child, whereas five in ten workers aged 50 or older live with a partner and children.

Graph 4 Distribution over household composition, break down by age group, gender and total



Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 12 obs missing)

3 Employment characteristics

Labour force

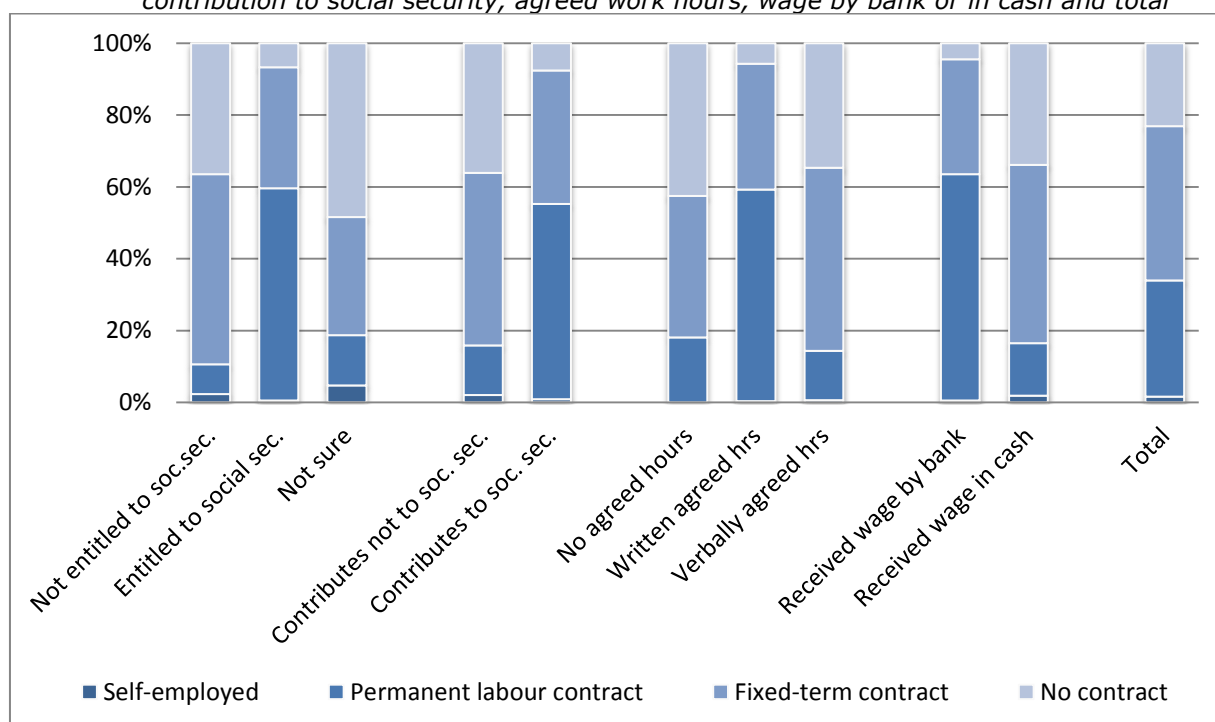
The Kenya National Bureau of Statistics provides a detailed overview of the labour force in the country.³ In 2011, Kenya has a population of 39.5 million people. 2.1 million people are involved in waged employment, of which 1.4 million in the private sector and 0.7 million in the public sector. In addition, 9.3 million people are in the informal sector. These numbers add up to 11.4 million workers. Thus, slightly less than two in ten workers are in formal waged employment.

In 2009, the ILO jointly with the European Foundation for the Improvement of Living and Working Conditions conducted a working conditions survey in Kenya.⁴ This survey sampled 1,000 households and had survey questions about a range of working conditions. A main conclusion pointed to the importance of the informal nature of the employment relationship in Kenya. Our survey supports this conclusion.

Status in employment and labour contract

The survey distinguishes registered self-employed, employees with a permanent contract, with a fixed-term contract and workers without a contract. The last bar in Graph 5 shows the distribution over these four categories. Less than two in hundred workers are self-employed (2%). More than three in ten workers are an employee with a permanent contract (32%). More than four in ten hold a fixed-term contract and more than two in ten are workers without a contract (43% resp. 23%). A breakdown by gender and age group (not in the Graph) reveals hardly any gender differences, but large differences by age group. Older workers are more often self-employed and they have more often a permanent contract. By contrast, young workers much more often work without an employment contract and they more often have a fixed-term contract.

Graph 5 Distribution over status in employment, break down by entitlement to social security, contribution to social security, agreed work hours, wage by bank or in cash and total



Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 3-9 obs missing)

³ Kenya Facts and figures 2012, Kenya National Bureau of Statistics, Nairobi, Kenya

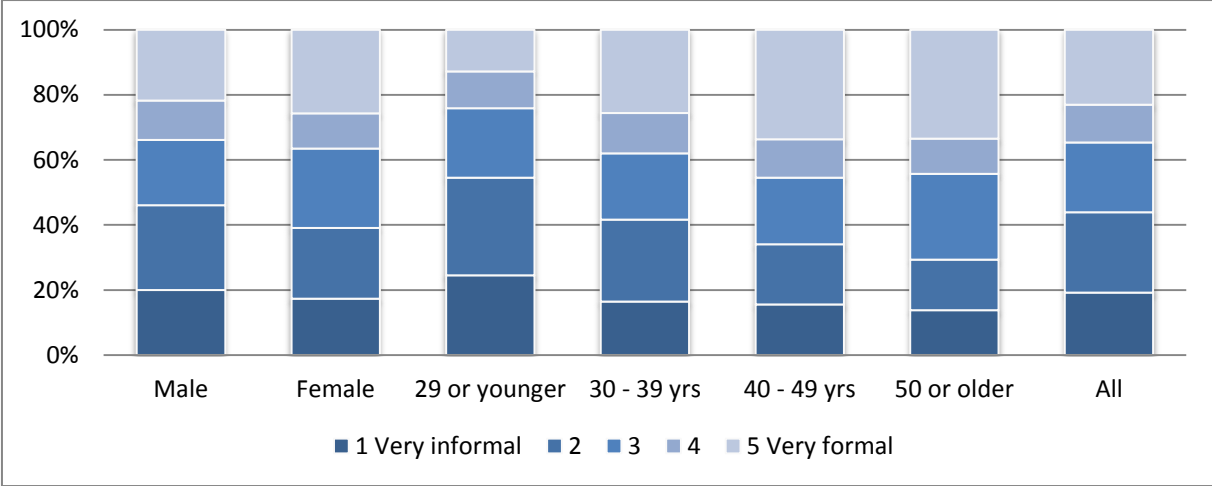
⁴ Lee, Sangheon (2012) *Working conditions in Kenya*. Dublin, European Foundation for the Improvement of Living and Working Conditions

Kenya has a national social security fund with 3.7 million registered employees in 2011. This is almost one third of the total labour force. Of course, the survey included a question about entitlement to social security. Almost five in ten workers state that they are not entitled, almost five in ten states they are, and a small minority does not know (no 49%, yes 47%, not sure 4%). Graph 5 shows that the workers with a permanent contract relatively often are entitled, whereas the workers with a fixed-term or no contract are relatively often not entitled. The survey also included a question about contribution to social security. More than half of the workers say that they do not contribute, while less than half say they do (no 54%, yes 46%). Graph 5 shows that employees with a permanent contract relatively often contribute to social security, whereas particularly workers without a contract do not contribute.

Informal work might relate to unlimited working hours, but this is not often the case. Only a small minority of workers states that they have no agreed working hours, the remaining group has agreed working hours, either in writing or verbally (no 8%, in writing 39%, verbally agreed 53%). Graph 5 shows that the employees with a permanent contract relatively often have their working hours agreed in writing, whereas the employees with a fixed-term contract have more often their working hours agreed verbally, whereas the workers without a contract more often are among those who have no hours agreed. One survey question asked if wages were received in a bank account or cash in hand (by bank 37%, in cash 63%). Again the employees with a permanent contract much more often receive their wage in a bank account, whereas the employees with a fixed-term contract and the workers without a contract more often receive their wage cash in hand.

The data allow us to investigate who the formal and the informal workers are and to compute an informality-index. We identified the workers who are not entitled to social benefits, do not contribute to social security, and have no employment contract; this group is placed at the informal end of the spectrum. The workers who are entitled, do contribute and have a permanent contract are placed at the other end of the spectrum. Graph 6 shows that more than four in ten workers are in the lowest two categories in the index (44%), whereas two in ten are in the highest category (23%). The table shows that particularly the young workers, aged 29 years or younger, are found relatively often in the lowest categories of informality.

Graph 6 Distribution over the informality-index, breakdown by gender, age, and total

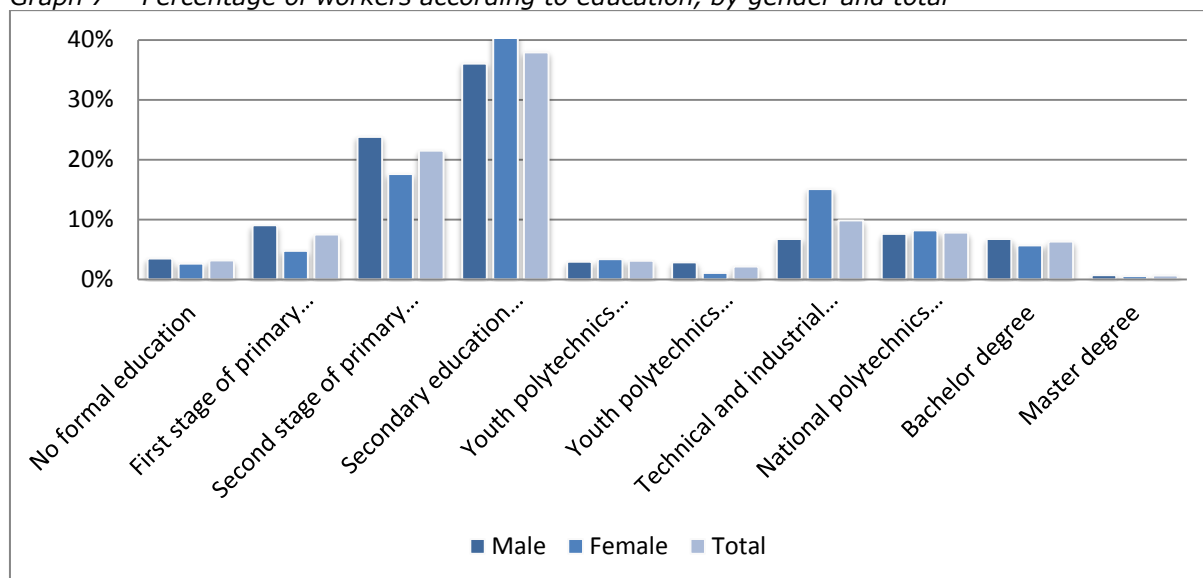


Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515)

Employment by educational category

Almost three in ten workers enrolled in primary education (Standards 7 to 8) and almost four in ten enrolled in upper secondary education, as is shown in Graph 7. Small minorities have either no education or first stage of primary education or they have a certificate of a polytechnic or higher educational levels. Some gender differences regarding education arise. Women have slightly more education compared to men, particularly with respect to upper secondary education and technical and industrial vocational education training (TIVET). Less than four in hundred workers report to be underqualified for their job. Not surprisingly this is predominantly found among the workers with no education (not in the graph). Almost two in ten report being overqualified, and this particularly occurs for workers with Upper Secondary education, with a Craft trade certificate for the Youth polytechnics programme, or with a Master degree.

Graph 7 Percentage of workers according to education, by gender and total

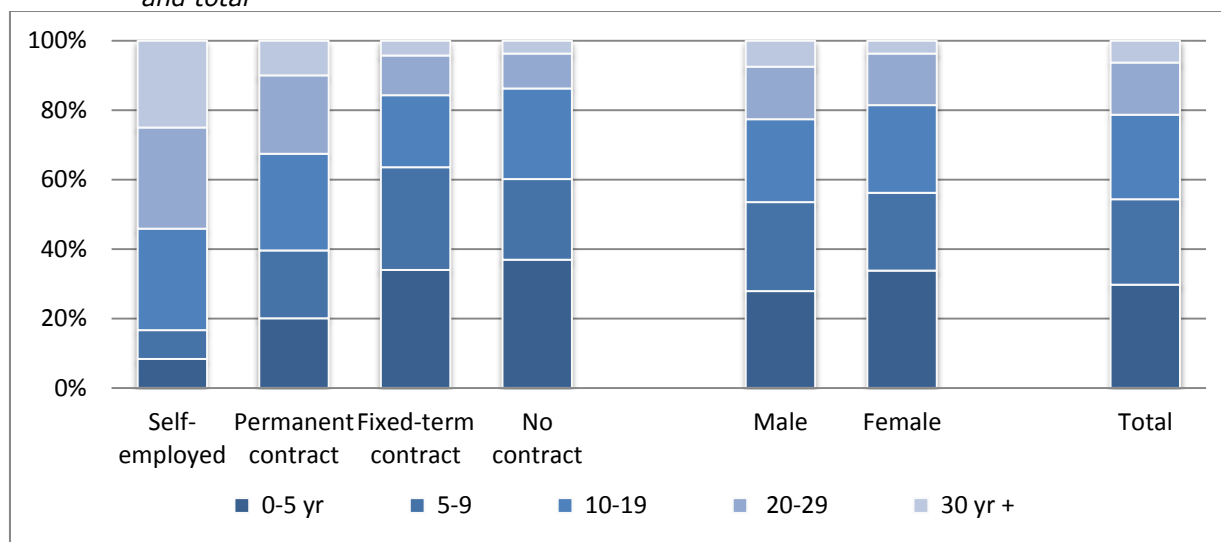


Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515)

Years of work experience

On average, the workers have worked for 11.5 years. Almost three in ten interviewees has less than 5 years of work experience, as is shown in Graph 8. More than two in ten have worked between 5-9 years and another than two in ten have worked between 10 and 19 years. With on average almost 22 years, self-employed have more years of work experience than employees. With on average 9 years, workers without a contract have the least years of work experience. With on average 11 years, women have slightly less work experience compared to men (12 years).

Graph 8 Distribution over years of work experience, breakdown by employment status, gender and total



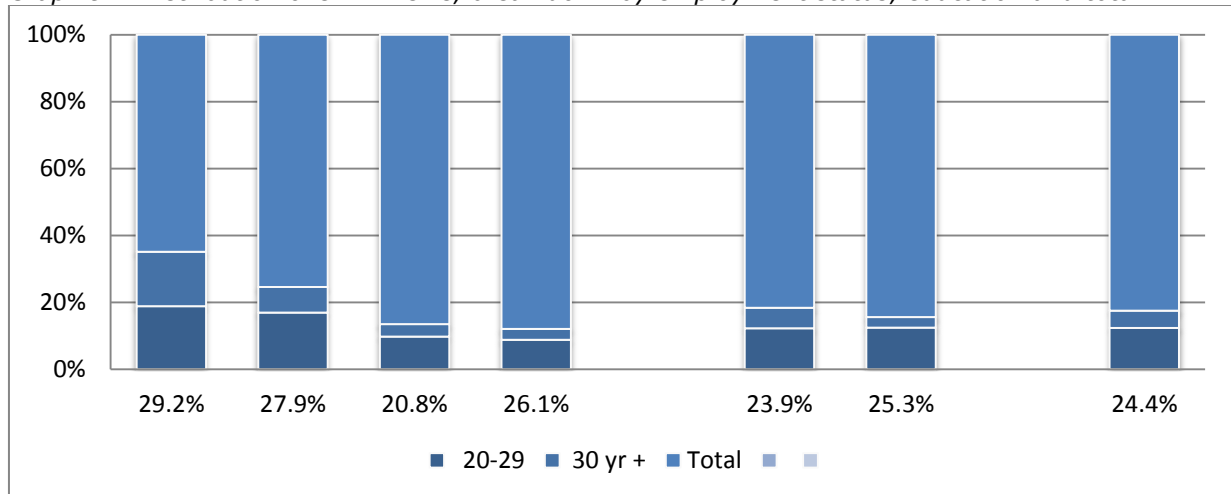
Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515)

The survey has a few questions about employment spells. Four in ten workers have experienced such a spell, but only less than two in ten have experienced a spell for more than one year. No questions were asked about the reasons for the spell, but most likely these are due to unemployment. Compared to women, men substantially more often have had a spell and the duration of their breaks is longer.

Firm size

More than six in ten workers work in an organization with 10 or fewer employees and another three in ten work in an organization with 11-50 employees. Graph 9 shows that the self-employed work almost exclusively in small firms. The workers enrolled in primary or secondary education more often work in small firms and workers with upper secondary education are working in large firms.

Graph 9 Distribution over firm size, break down by employment status, education and total

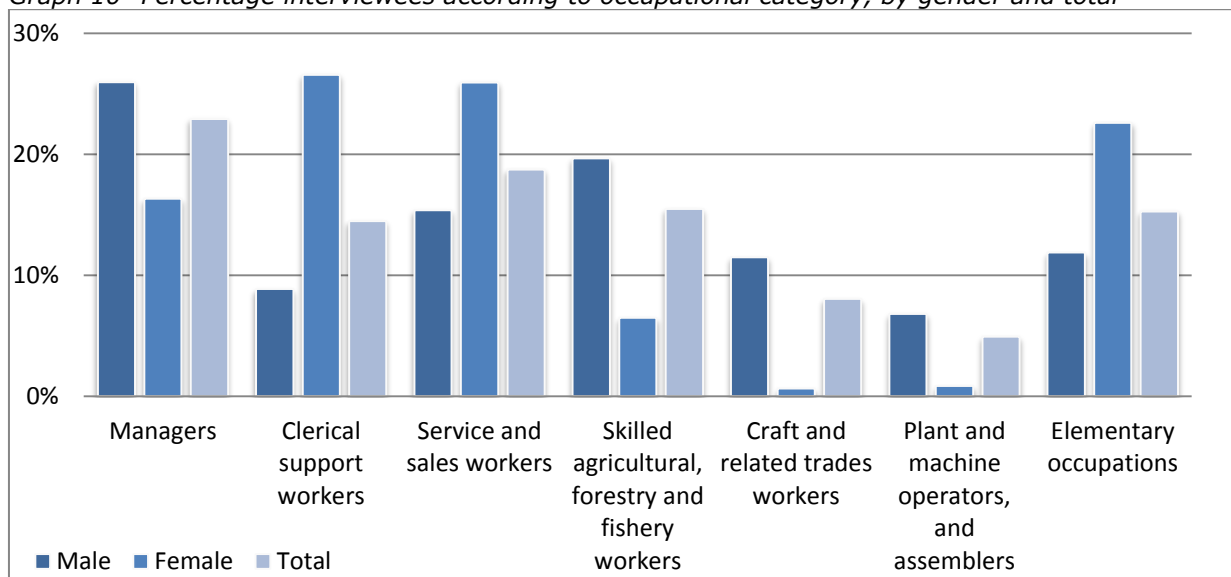


Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515)

Employment by occupational category

The sampling strategy included the selection of a subset of all occupational titles (see Chapter 1.3 and Appendix 1 List of Occupations). The Graph shows that more than two in ten workers work as a manager. Note that this occupational category also includes the owners or managers of small firms, which counts for a relative large share in the sample, as shown in the previous section. Another two in ten workers are employed as a service or sales worker. More than one in ten is employed as a clerical support worker, the females to a much larger extent than the males. Another one in ten works as a skilled agricultural, forestry and fishery worker, the males to a much larger extent than the females. Finally, more than one in ten works in an elementary occupation, the females to a much larger extent than the males.

Graph 10 Percentage interviewees according to occupational category, by gender and total



Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 11 obs missing)

4 Remuneration

Wage levels

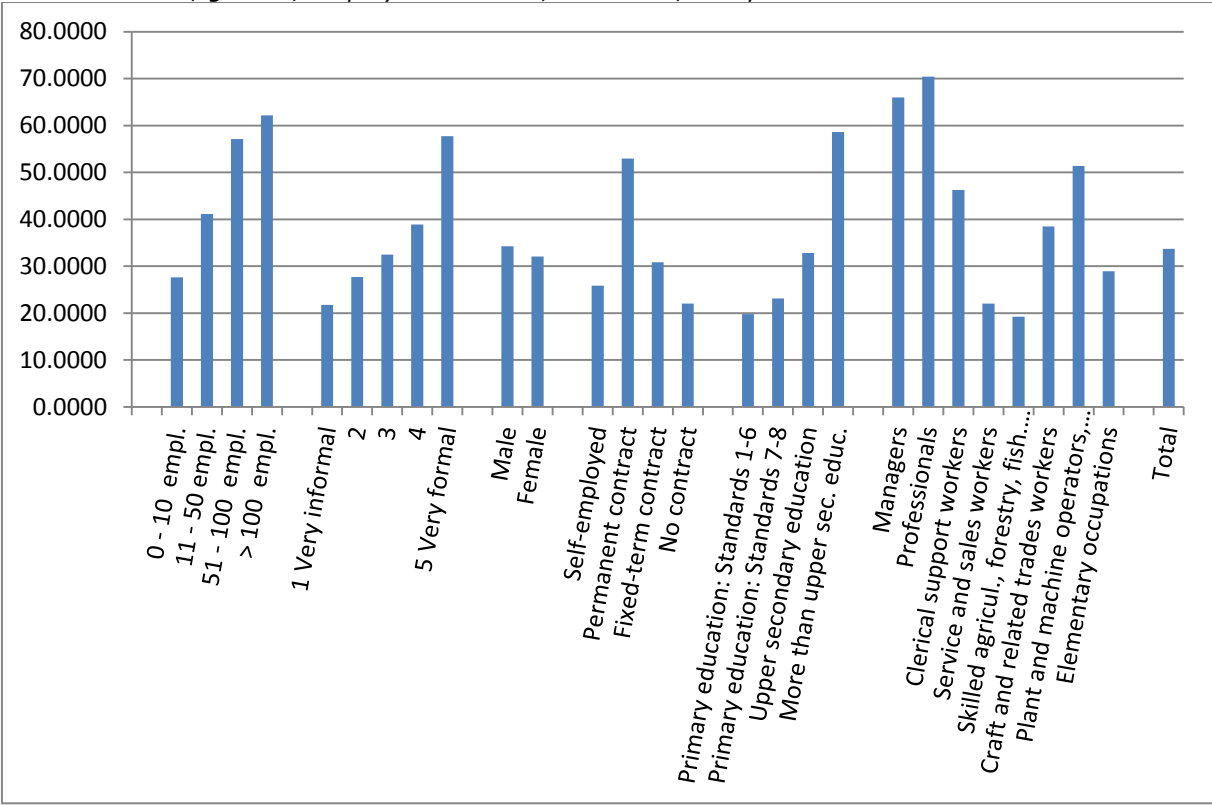
The median net hourly wage of the total sample is 33.67 Kenyan shilling, as Graph 11 shows. The median wage is the middle of all observations within a defined category, e.g. all female workers. It should not be confused with the average or mean wage, which is the sum of all wages of the individuals divided by the number of observations. The median has the advantage that it is not overly influenced by small numbers of high earners.

Graph 11 reveals large wage differentials according to firm size. The larger the firm, the higher the median wages. The Graph shows that the lower on the informality-index, the lower the net wages. Particularly the most formal workers have relatively high wages. A small gender wage differential is shown (34.21 versus 32.07, or 94%). The self-employed have the highest earnings, whereas the workers without a labour contract have the lowest earnings. Relative high median wages are depicted for workers with more than upper secondary education.

The graph shows the median wages by occupational category. Not surprisingly, the managers and the professionals have the highest median wages, followed by the clerical support workers and the plant and machine operators. By contrast, the service and sales workers and the skilled agricultural, forestry, and fishery workers reveal the lowest wages, followed by the elementary occupations.

The graph depicts the wage differentials for several categories of workers. The impact of each category on an individual's net hourly wage can be investigated, controlled for the impact of the other categories (see Appendix 2). The results show that employees with a permanent contract receive higher wages compared to the group of workers with a fixed term contract, with no contract or self-employed. Higher education pays off, and so do years of work experience and occupational status. Females have lower wages. No linear relationship between firm size and wages exists. Wages are relatively low in firms with 6-10 employees.

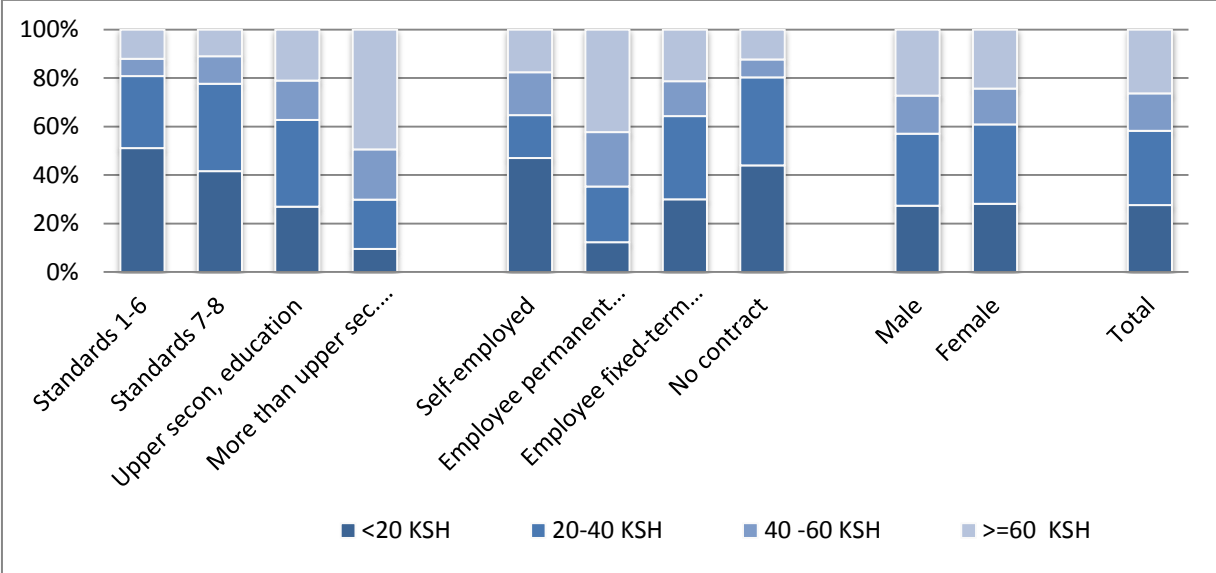
Graph 11 Median net hourly wage in Kenyan shilling (KSH), break down by firm size, informal work, gender, employment status, education, occupation and total



Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 100 obs missing)

The graph with the median wages certainly provides a clear picture of the remuneration of the workers in the survey. However, it is of equal importance to explore the distribution over the wage groups. Graph 12 depicts that almost six in ten workers earn less than 40 shilling net per hour, whereas almost three in ten earn more than 60 shilling (26%). The graph shows how the workers with no formal education are distributed over the wage groups. More than five in ten receive an hourly wage of less than 20 shilling (51%). In contrast, only one in ten workers with more than upper secondary education does so (10%). The self-employed have the largest share in the lowest earnings group, followed by the workers without a contract. Male and female workers reveal only minor differences.

Graph 12 Distribution over hourly wages in KSH, break down by education, employment, gender and total



Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 100 obs missing)

Minimum wage setting

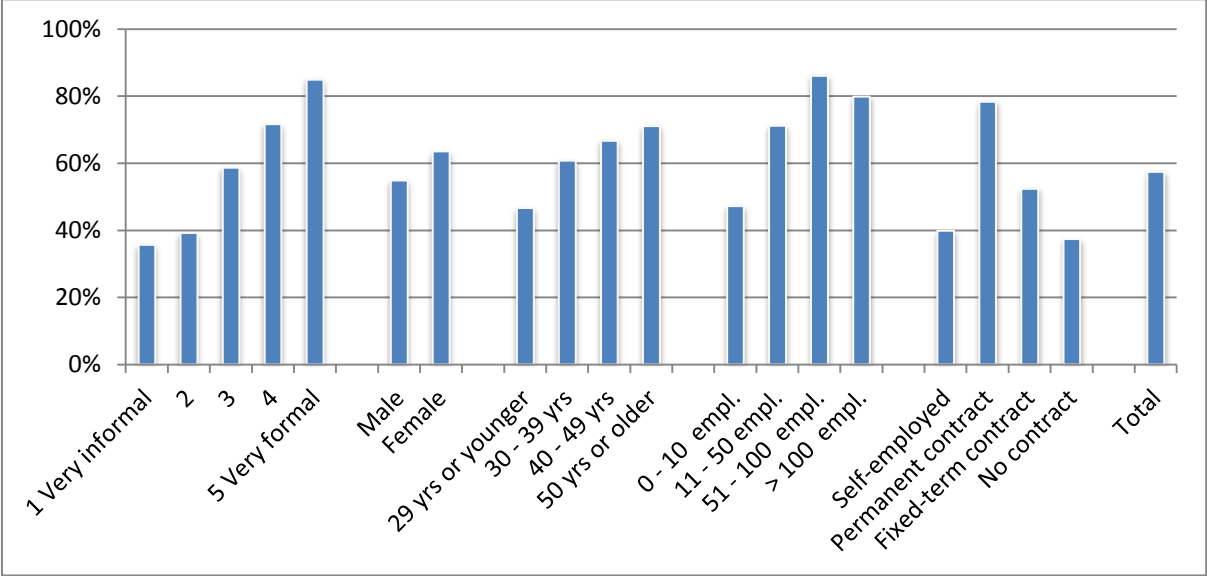
Kenya has an extensive minimum wage setting, with different minimum wages for a range of industries and occupations.⁵ The minimum wage rates are identified for a range of occupations and they are higher for two urban areas. The minimum wage rate range from 158.10 KSH per day for the unskilled employees to 824.20 KSH per day for the artisans grade I in the cities of Nairobi, Mombasa and Kisumu (data for 2012). In the agricultural industry, separate minimum wage rates are agreed. The minimum wage rates per hour are relative high compared to the minimum wage rates per day, thereby influencing that employees are contracted per day rather than per hour.

In the survey, net hourly and daily wages have been computed, based on the reported number of working hours per week. The daily wages have been compared to the minimum daily wage rates, prevalent in the workers’ occupation and region. Thus, the daily wages have been taken as the criterion to measure if a worker was paid according to the minimum wage rate.

The result of the analysis shows that 58% of the sample is paid on or above the minimum and 42% is paid below the minimum wage threshold. Graph 13 shows in detail in which groups this occurs most frequently. Large differences are found according to the informality-index. Only 35% of the informal workers are paid above the minimum wage, compared to 85% of the formal workers. Women are more often paid above the minimum wage than men (64% versus 55%) Workers aged 50 years and older are more often paid above the minimum wage than workers aged 29 or younger (71% versus 47%). Workers in very small firms are more often paid under the minimum wage threshold. Workers without a contract are most likely to be paid under the minimum wage rates, and employees with a permanent contract are most often paid above the minimum wage (40% versus 78%).

⁵ See <http://www.wageindicator.org/main/minimum-wages/kenya>

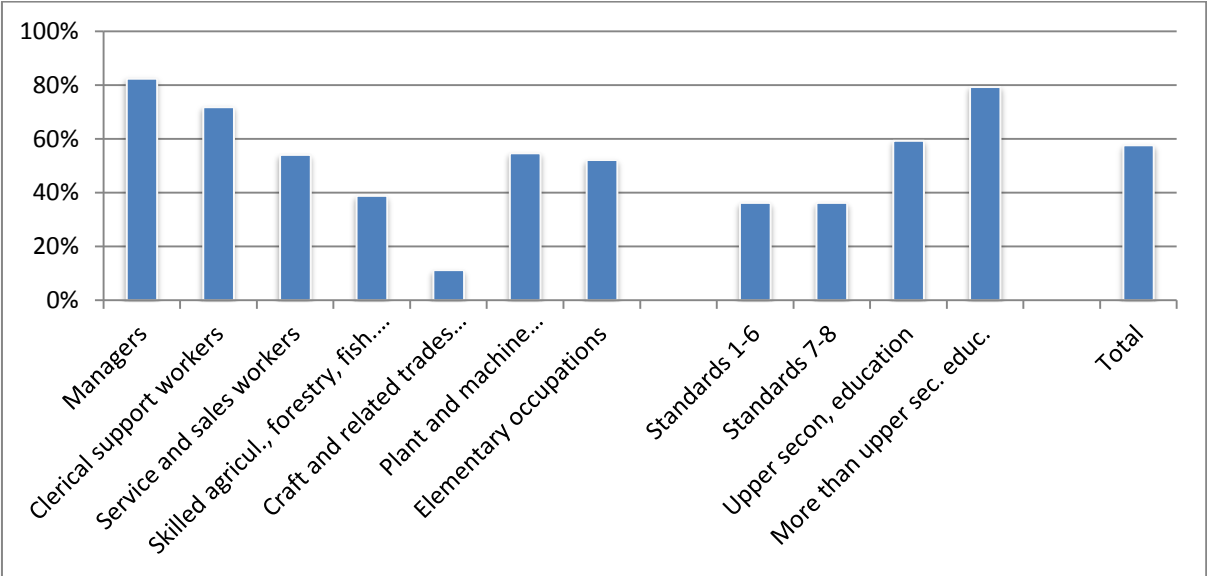
Graph 13 Percentages of workers paid above the minimum wage threshold, by informality index, gender, age, firm size, employment status and total.



Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 100 obs missing)

Occupations vary widely with respect to which the workers are paid above the minimum wage threshold. The craft and related trades workers are least paid above the threshold, whereas the managers are most often paid above the minimum wage (11% versus 82%). Looking at education, Graph 14 shows that the workers with primary education are most often paid under the minimum wage threshold, whereas the workers with more than upper secondary education are most often paid above the minimum wage (36% versus 79%). The impact of each category on an individual’s outcome can be investigated, controlled for the impact of the other categories (see Appendix 2). This shows that particularly the informality of the job, low education and low socio-economic status of the occupation account for the fact that a worker is paid below the minimum wage.

Graph 14 Percentage of workers paid above the minimum wage threshold, by occupation, education and total.



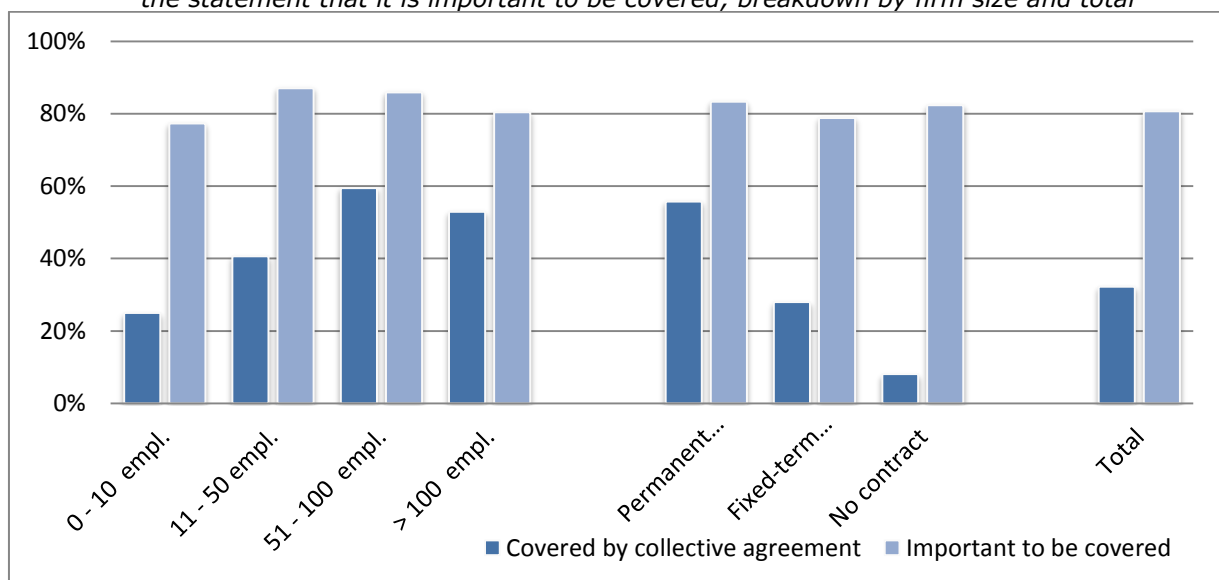
Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 100 obs missing)

Bargaining coverage

Collective agreements are a main instrument for wage setting. This raises the question to what extent the workers in the survey are covered by an agreement. Slightly more than three in ten are covered (see graph 15). Compared to workers in small firms are workers in large firms far more often covered, though in the largest firms of 100 employees or more coverage is slightly lower. The workers with a permanent contract are much more often covered compared to the employees with a fixed-term contract and the workers without a contract. The Appendix holds an analysis which workers are covered by an agreement if controlled for other characteristics. It shows that the odds of coverage increase three times for employees with a permanent contract compared to other workers. The odds of coverage increase for males and decrease for workers in small firms.

The survey has a question asking whether workers think that it is important to be covered by a collective agreement. Whereas only three in ten workers are covered, eight of ten wish to be covered. This percentage is slightly higher for those covered compared to those not covered (88% versus 77%, not in Graph).

Graph 15 Percentage of workers covered by a collective agreement and percentage agreeing with the statement that it is important to be covered, breakdown by firm size and total

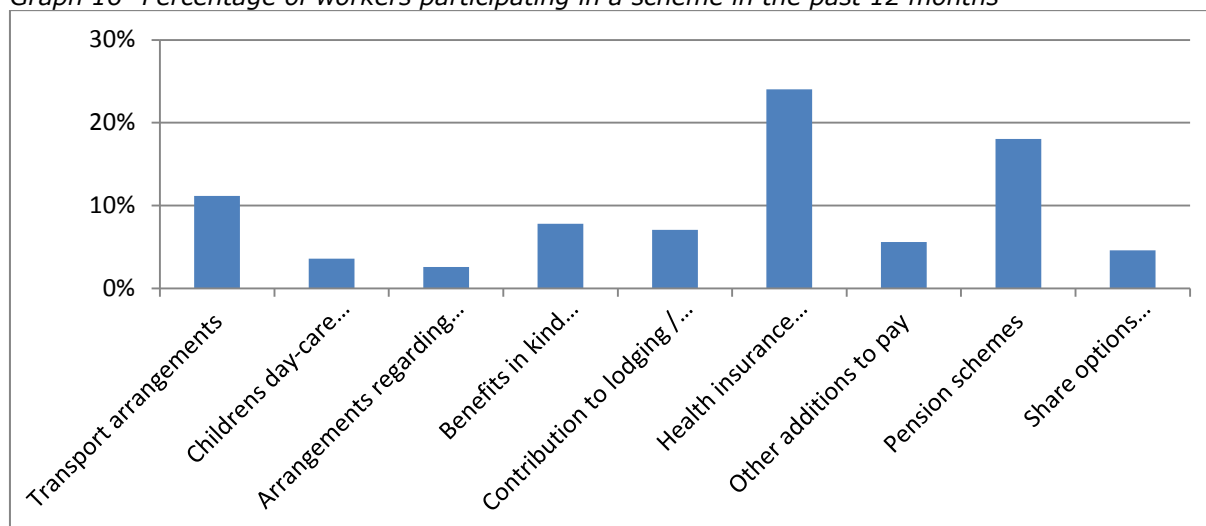


Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 131 obs missing including don't know for collective bargaining coverage resp. 147 obs missing including not applicable)

Participation in schemes and receiving allowances

The survey has several questions about participation in schemes. These questions are asked to both the employees and the self-employed. Graph 16 shows that participation in health insurance schemes and in pension schemes are most common. More than two in ten workers participate in a health insurance scheme (24%) and almost two in ten in a pension scheme (18%). Participation in transport arrangements occurs for 11% of the workers. This includes arrangements concerning company transport, commuting costs or a company car. All remaining schemes occur very infrequently.

Graph 16 Percentage of workers participating in a scheme in the past 12 months



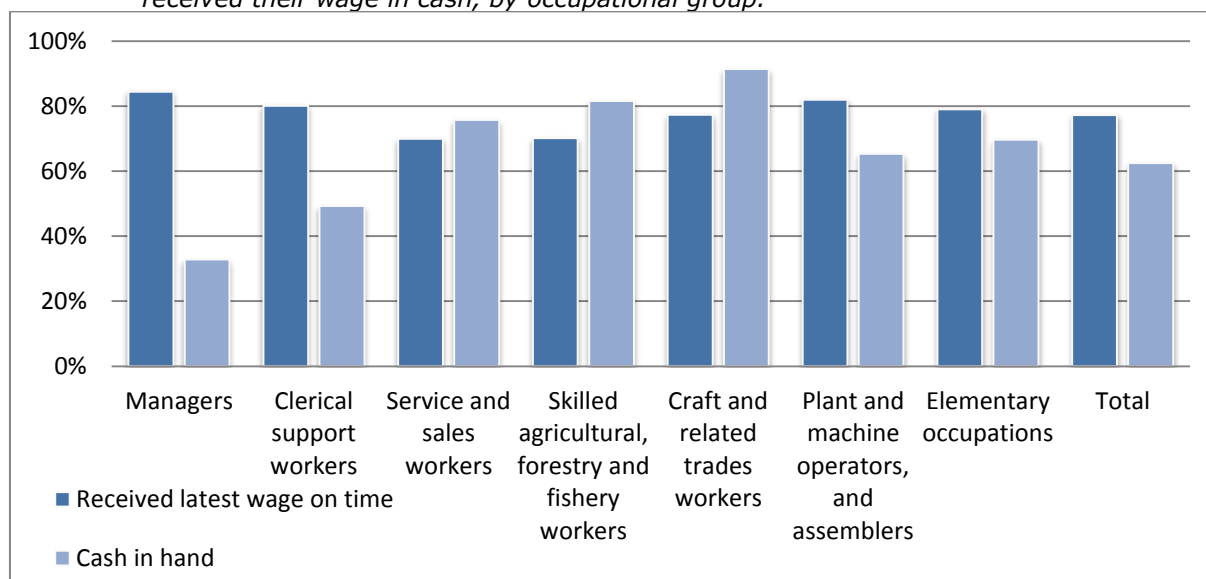
Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 4 - 140 missing)

Wages on time and cash in hand

The survey asks employees whether they received their wage on time and whether they received it by a bank draft or cash in hand. Graph 17 shows that almost eight in ten employees report receiving their wage on time. Little differences exist between the occupational groups, though among the service and sales workers and the agricultural workers it is least common to receive their wage on time.

More than six in ten employees receive their wage cash in hand. This is most frequently occurring for the craft and related trade workers and for the agricultural workers. It occurs least frequent for the managers.

Graph 17 Percentages of employees reporting that they received their wage on time and that they received their wage in cash, by occupational group.



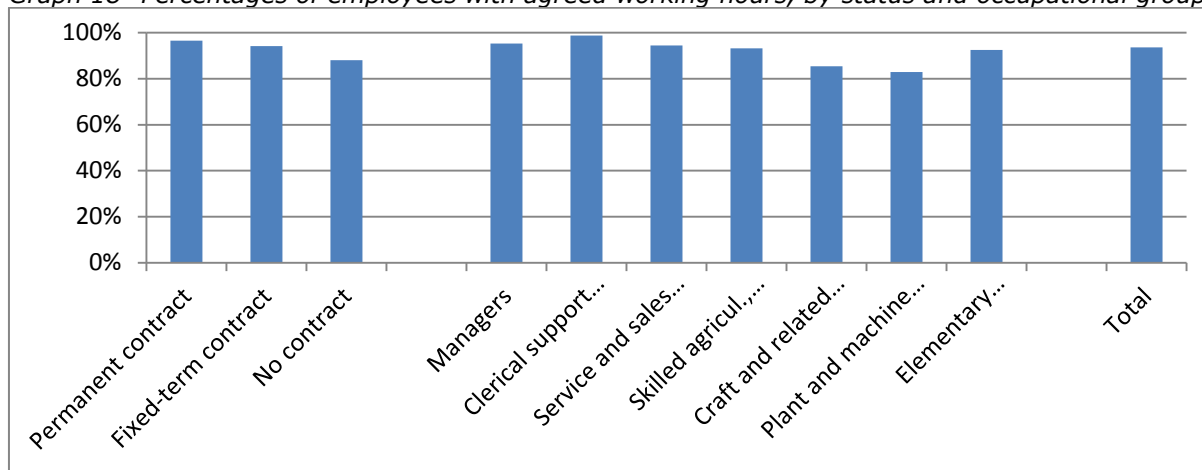
Source: WageIndicator face-to-face survey Kenya, 2012, weighted data, employees only (N=1515, 40 - 47 obs missing)

5 Working hours

Working hours agreed

One survey question asks if the respondents have agreed their working hours with their employer, either in writing or verbally. More than nine in ten workers have agreed working hours, as Graph 18 shows. This is highest for the employees with a permanent contract and lowest for the workers without a contract. Clerical support workers have most often their working hours agreed, whereas plant and machine operators and craft and related trades workers have least often so.

Graph 18 Percentages of employees with agreed working hours, by status and occupational group.

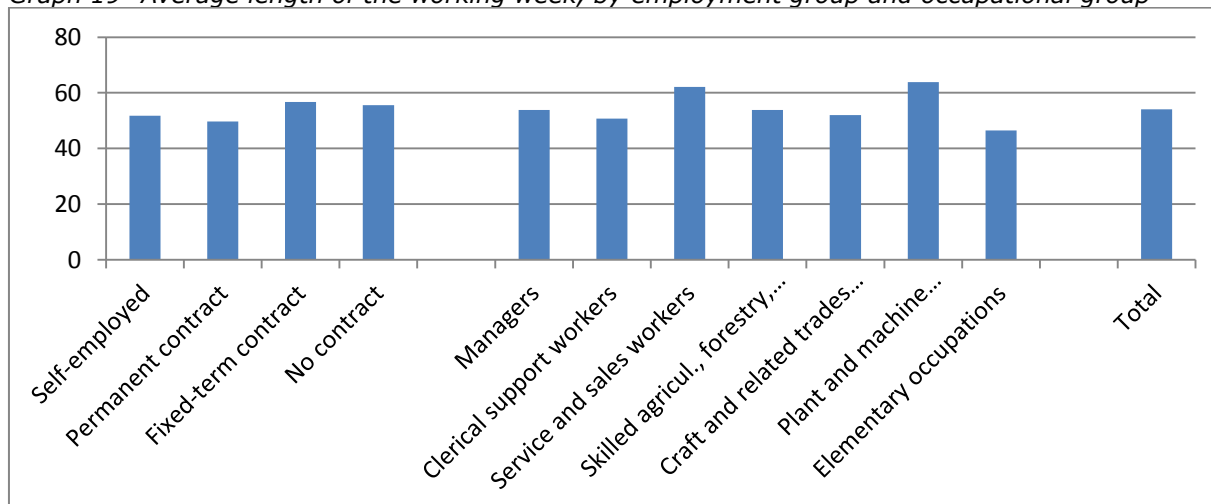


Source: WageIndicator face-to-face survey Kenya, 2012, weighted data, employees only (N=1515, 62 obs missing)

Usual working hours

What is the average length of the working week? Graph 19 shows that the average working week with almost 64 hours is much longer than the standard 52 hours working week. It is longest for the self-employed and shortest for the employees with a permanent contract. The service and sales workers and the plant and machine operators and assemblers have the longest hours, whereas the worker in the elementary occupations report to be working on average the least hours. On average, the workers report to be working 5.9 days a week (not in the Graph).

Graph 19 Average length of the working week, by employment group and occupational group

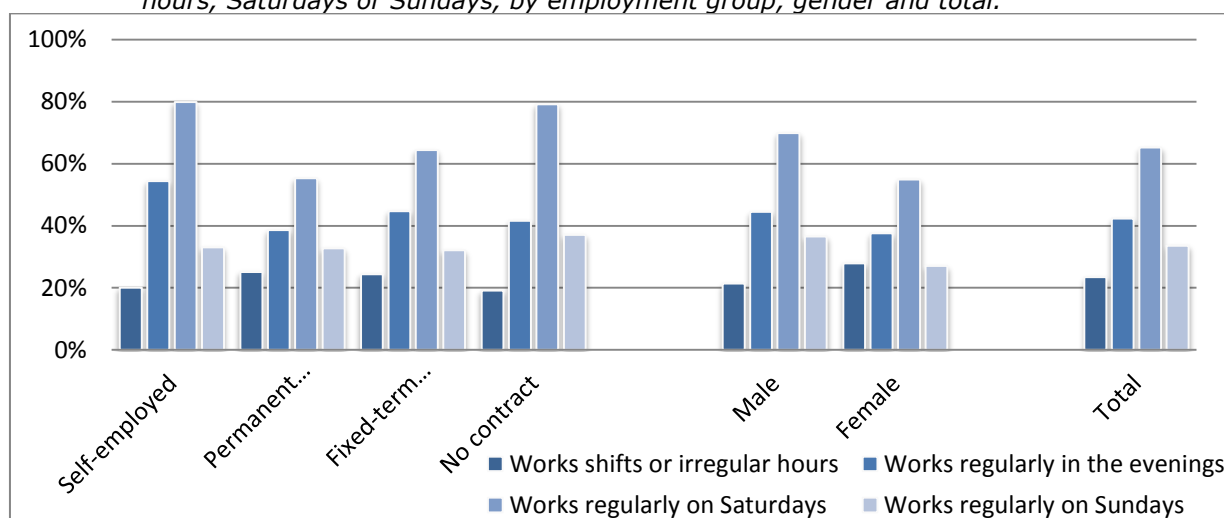


Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 3 obs missing)

Shifts or irregular hours

The survey includes a question asking if the respondent works shifts or irregular hours. Graph 20 shows that more than two in ten workers report to do so. The incidence of shift work or irregular hours is lowest for the workers without a contract and for the self-employed and highest for the employees with a permanent or fixed-term contract. Women do so more often than men. Working in the evenings is reported by four in ten workers, it is occurring more frequently among the self-employed, and men report more often so than women. Working regularly on Saturdays is most frequently occurring, with six in ten workers reporting so. Working regularly on Saturdays occurs most often among the self-employed or the workers without a contract, and more often among men than among women. Working Sundays is reported by three in ten workers. The employment status groups hardly differ in this respect, but working on Sundays is reported more often by men than by women (37% versus 27%).

Graph 20 Percentages of workers reporting to be working in the evenings, shift work or irregular hours, Saturdays or Sundays, by employment group, gender and total.

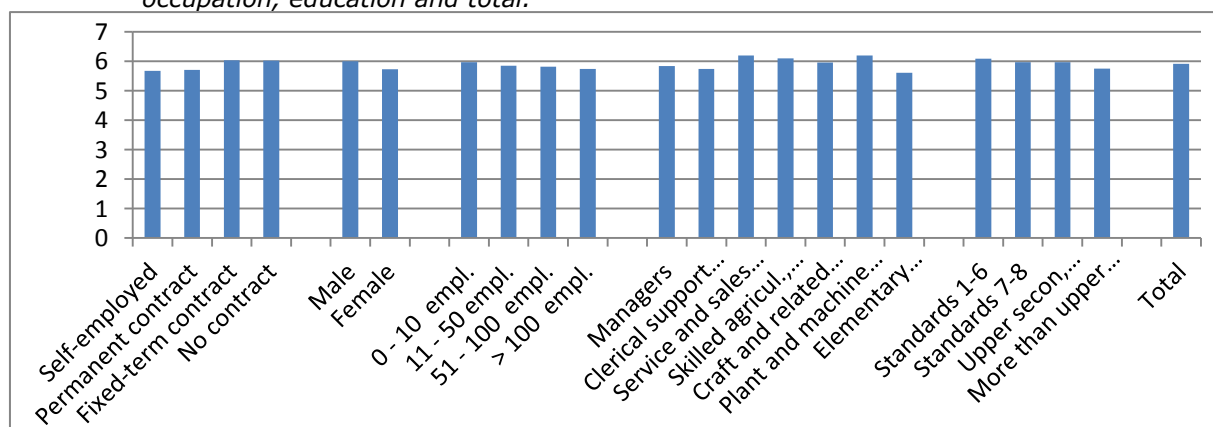


Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 102-240 missing)

Average working days per week

On average, the workers in Kenya report to be working nearly six days a week. Graph 21 shows that the employees with a fixed-term contract and the workers without a contract work more days than the average, and so do the men, the workers in the small firms, the service and sales workers and the plant and machine operators and assemblers. The workers with more than upper secondary education work fewer days than the average.

Graph 21 Average number of working days per week, by employment status, gender, firm size, occupation, education and total.

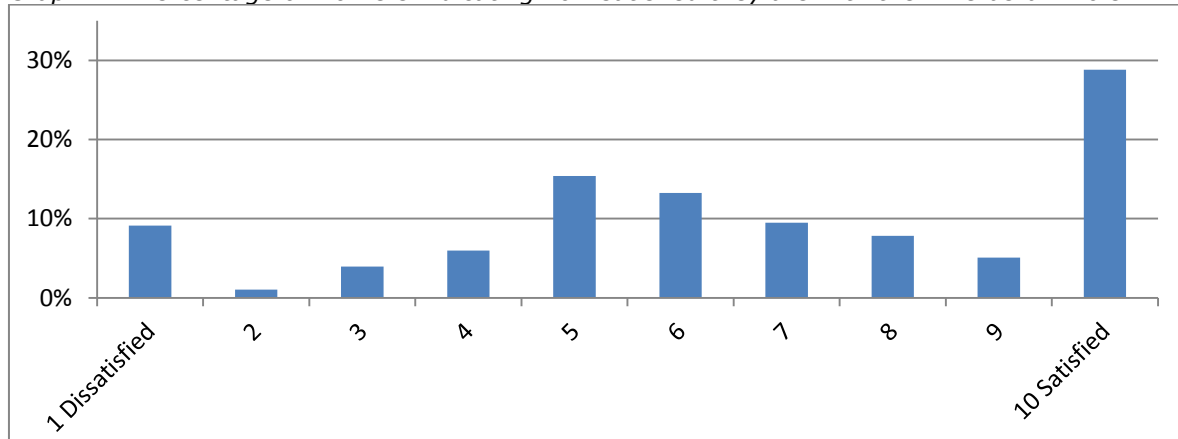


Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 0-11 missing)

6 Satisfaction with life-as-a-whole

The survey includes a question about satisfaction with life-as-a-whole, to be judged on a scale from 1 – dissatisfied - to 10 – satisfied. As the graph shows, almost one in ten workers indicates to be dissatisfied with life. Another three in ten judge their life satisfaction with a mark between 2 and 5. Another three in ten indicate an overall positive life satisfaction with a mark between 6 and 9, whereas almost three in ten report being satisfied.

Graph 22 Percentage of workers indicating how satisfied they are with their life-as-a-whole.

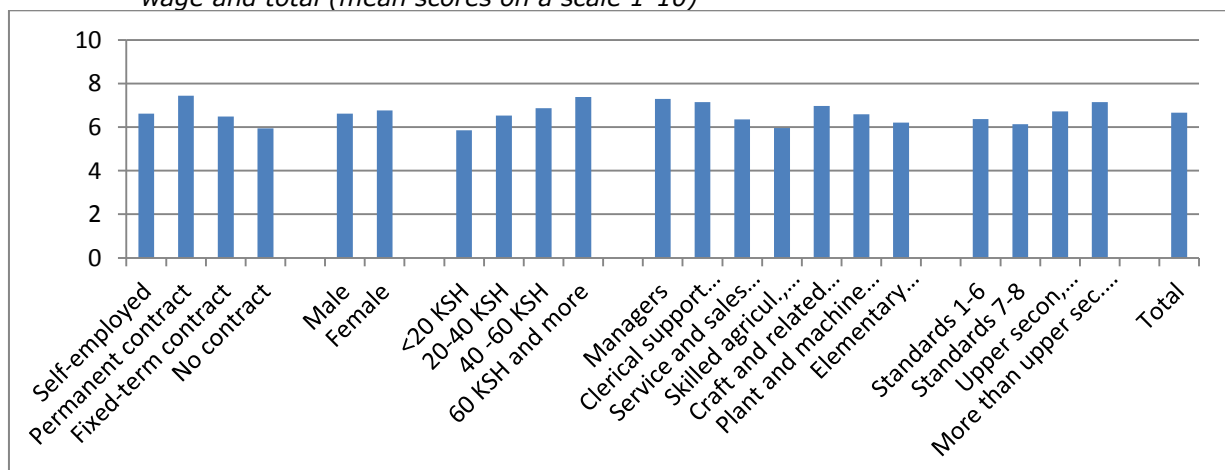


Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 4 obs missing)

Do groups differ with respect to their satisfaction with life-as-a-whole? Graph 23 shows a breakdown for several groups. Employees with a permanent contract are on average most satisfied with life, whereas the workers without a contract are least satisfied. Women seem slightly more satisfied than men. Workers with earnings of 60 KSH per hour or more are most satisfied, whereas workers with earnings of less than 20 KSH per hour are least satisfied with life. Managers are most satisfied with life, in contrast to the skilled agricultural, forestry, and fishery workers. Workers with a high education are more satisfied than the groups with primary education only.

When explaining the variance in life satisfaction, however, only employment status and wages are significantly contributing to the explanation. Employees with a permanent contract are more satisfied with life compared to other workers, and workers with earnings below 20 shilling are less satisfied compared to those with higher earnings. Gender, education, household composition and age do not contribute to the explanation.

Graph 23 Average satisfaction with life-as-a-whole, breakdown by gender, education, age, region, wage and total (mean scores on a scale 1-10)



Source: WageIndicator face-to-face survey Kenya, 2012, weighted data (N=1515, 2-13 obs missing)

Appendix 1 List of occupational titles

Code ISCO813	Occupational title	Frequency
1211020000000	Financial department manager	115
1212020000000	Personnel department manager	137
1412010000000	Restaurant manager	92
2221990000000	Nurse, all other	1
2341010000000	Primary school teacher	2
4120060000000	Secretary	137
4221020000000	Travel agency clerk	76
4224010000000	Hotel front desk receptionist	2
4226030000000	Receptionist, telephonist	3
5113010000000	Travel guide	39
5120040000000	Food preparation worker	98
5131010000000	Waiter or waitress	143
5212010000000	Street vendor (food products)	2
6111030000000	Field crop or vegetable farm worker	92
6210010000000	Forestry worker	47
6330010000000	Subsistence mixed crop or livestock farmer	94
7115010000000	Carpenter	121
8160200000000	Fruit or vegetable processing machine operator	1
8322020000000	Taxi driver	37
8332010000000	Truck driver	36
9111010000000	Domestic cleaner	1
9112010000000	Cleaner in offices, schools or other establishments	139
9211020000000	Fruit, nut or tea picker	59
9313070000000	Carpenter helper	30
9624010000000	Water or firewood collector	1
Missing		11
Total		1515

Appendix 2 Regressions

Dependent Variable: Log net hourly wage					
	B	Std. Err	Beta	t	Sig.
(Constant)	2.480	.119		20.772	.000
Employee permanent contract	.196	.062	.087	3.159	.002
Education (iscd 0-5)	.194	.033	.181	5.899	.000
Female	-.149	.056	-.065	-2.682	.007
Firm size 1-5 empl	-.148	.077	-.069	-1.926	.054
Firm size 6-10 empl	-.216	.081	-.082	-2.667	.008
Firm size 11-20 empl	-.059	.083	-.021	-.720	.472
Years of service	.006	.003	.056	2.264	.024
Socio-Economic Index of occupational status (ISEI 11-76)	.015	.002	.256	8.718	.000
N	1403				
R_sq	.216				

Dependent Variable: Covered by a collective agreement yes/no (excl. don't know answers)						
	B	S.E.	Wald	df	Sig.	Exp(B)
Employee permanent contract	1.103	.145	58.157	1	.000	3.013
Education (iscd 0-5)	.116	.086	1.819	1	.177	1.123
Female	.486	.136	12.791	1	.000	1.627
Firm size 1 empl	-.713	.187	14.485	1	.000	.490
Firm size 2-10 empl	-.194	.189	1.054	1	.305	.824
Firm size 11-20 empl	-.300	.194	2.380	1	.123	.741
Years of service	.026	.007	14.869	1	.000	1.026
Socio-Econ. Index of occ. status (ISEI 11-76)	.006	.004	1.882	1	.170	1.006
Constant	-1.822	.305	35.590	1	.000	.162
N	1367					
-2 Log likelihood	1494.160					

Dependent Variable: Satisfaction with life as-a-whole (1 – dissatisfied to 10 – satisfied, excluding values 1 and 10 in the analyses)					
	B	Std. Err	Beta	t	Sig.
(Constant)	5.723	.256		22.389	.000
Employee permanent contract	.352	.141	.093	2.487	.013
Education (iscd 1-4/5)	.115	.065	.067	1.759	.079
Female	.014	.124	.004	.110	.913
Wage < 20 KSH	-.623	.173	-.163	-3.609	.000
Wage 20-40 KSH	-.282	.158	-.076	-1.790	.074
Wage 40-60 KSH	.006	.180	.001	.031	.975
Living with partner	-.093	.135	-.027	-.689	.491
Living with children	.065	.140	.019	.466	.641
Age < 29	.139	.141	.039	.987	.324
Age 30-39	.007	.083	.006	.085	.933
Age 40-49	.066	.081	.061	.812	.417
N	895				
R_sq	.061				

Dependent Variable: Paid up or above the applicable minimum wage threshold yes/no						
	B	S.E.	Wald	df	Sig.	Exp(B)
Informaity-lindex (1 informal-5 formal)	.301	.062	23.981	1	.000	1.352
Firmsize 1 empl	-.557	.203	7.528	1	.006	.573
Firmsize 2-10 empl	-.682	.213	10.272	1	.001	.506
Firmsize 11-20 empl	-.440	.221	3.960	1	.047	.644
Employee permanent contract	.129	.176	.535	1	.465	1.137
Education (isced 1-4/5)	.275	.081	11.424	1	.001	1.317
Female	.274	.138	3.932	1	.047	1.315
Living with partner	.034	.152	.049	1	.824	1.034
Living with children	.178	.155	1.320	1	.251	1.195
Age < 29	-.337	.148	5.208	1	.022	.714
Age 30-39	-.036	.096	.136	1	.712	.965
Age 40-49	.126	.092	1.871	1	.171	1.135
Socio-Econ. Index of occ. status (ISEI 11-76)	.024	.004	29.266	1	.000	1.024
Constant	-1.834	.337	29.530	1	.000	.160
N	1393					
-2 Log likelihood	1564.97					

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