

## **Abstract**

Among the African countries, Kenya ranks among the top in addressing issues related to gender inequality. In the past two decades, legislation has been passed which outlaws discrimination on the basis of sex, and many policies which perpetuate inequalities have been amended. Despite all these, women may still be subjected to some form of discrimination. Although Kenyan women's enrolment in primary and secondary education is encouraging, participation in higher education, political participation and non-agricultural sector employment continue to be out of reach for most of them.

This study attempts to estimate the effect of discrimination among the female workers in the manufacturing sector labour force by giving lower wages to female workers than equally qualified males. The Mincerian earnings function is estimated using ordinary least square estimation and two-stage least square estimation techniques for the pooled sampled workers and separately for the male and female workers sampled from the manufacturing sector. The wage differentials between the male and the female workers are computed and decomposed into two components; one related to differences in the characteristics and the unrelated one. The unexplained component of the differential is computed as a residual of the explained component from the total wage differential, and estimates the discrimination among the female workers.

The study also estimates the Mincerian function for different sectors, different geographic locations, different firm sizes and age groups of workers. The discrimination coefficients are computed for these different subgroups.

Although female workers in the Kenyan manufacturing sector have on average higher levels of education than their male counterparts, their mean monthly earnings are still lower, indicating different treatment of skills and education endowments by the labour market between male and female workers.

The signalling of education manifests itself differently among males and females in an effect of credentials on wages; there seems to be a pay premium associated with workers' years of schooling that result from credentials being earned among the sampled workers.