



**EFFECTS OF WAGE DIFFERENTIALS ON EMPLOYEE REMUNERATION IN THE
JUDICIARY OF KENYA**

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Abstract

This research project sought to evaluate the effect of wage differentials in the remuneration of workforce in the Kenyan Judiciary. This study sought to establish the effect of wage differentials on employee remuneration in the Kenya's Judiciary. The objectives of the study were to determine the effect of organization's policies and procedures on employee remuneration in Kenya's Judiciary, to find out how individual contribution has an effect on employee remuneration in Kenya's Judiciary, to evaluate the effect of experience and skills on employee remuneration in Kenya's Judiciary and to establish the effect of intra-firm differentials on employee remuneration in Kenya's Judiciary. Various theories of remuneration were used to try and create a relationship between the dependent and independent variables. A critique of the theories was offered to provide an insight on why they can or cannot be used to dictate or explain the effect of wage differentials on remuneration of employees in the Kenya's Judiciary. In order to ascertain the existence a correlation between variables, a descriptive research design will be adopted for the study. The target population comprised of employees in the Kenyan Judiciary who were subdivided into 3 subsectors. A sample of 368 employees was used in the study. A stratified random sampling method was used to ensure the sample is representative of the 3 subsectors of employees in the Kenyan Judiciary. Primary data was collected using structured close-ended questionnaires which were administered to the employee of the Kenyan Judiciary. To summarize the data, descriptive statistics such as mean and standard deviation will be used. To examine the effect of wage differentials on employee remuneration, multiple regression analysis was used and the results presented using charts and tables. The study found that organizational policies and procedures positively and significantly influence employee remuneration; individual contribution positively influences employee remuneration; experiences and skills positively and significantly influence employee remuneration in Kenya's Judiciary and intra-firm differentials positively and significantly influences employee remuneration in Kenya's Judiciary. The study therefore recommends the Kenya's judiciary to adopt policies that are fair. It is also important for the organization to adopt written policies and procedures; this is because written policies and procedures are essential to effective and efficient operations in an organization. Once the policies and procedures have been developed, it is important for the organization to communicate them to all employees; clear communication is important in creating good internal controls and outlining the expectations of all individuals involved in the operations.

Keywords: Organization's Policies and Procedures, Employee Remuneration, Individual Contribution, Experience and Skills and Intra-Firm Differentials.

Introduction

Employee remuneration or wages refers to all forms of pay or rewards going to employees and arising from their employment. Remuneration of employees has two main components; direct financial payments in the form of wages, salaries, incentives, commissions, and bonuses, and there are indirect payments in the form of financial benefits like employer-paid insurance and vacations. Direct financial payments are essentially based in two ways on increments of time and on performance (Gary Dessler, 2002). According to Michael Armstrong (1999), wage differentials refer to differences between adjacent pay ranges. Differential provide adequate scope for recognizing differences in the value of jobs in the grades concerned. Wage differentials are increasingly becoming a contentious issue to address in the current labour market.

A research conducted in the United States of America on behalf of National Conference of State Legislatures by Katherine McAnallen (2015) reported that Lawmakers in California proposed changing the applicability requirements of the law by requiring employers to demonstrate that a wage differential is reasonably based on factors other than sex, and increasing the employer's burden of proof. The bill would protect employees from retaliation and ban employers from prohibiting employees to communicate about wages and wage discrimination. Further, Washington legislators proposed a bill that would enhance enforcement of its law by increasing the amount of damages a plaintiff may recover. It also would include providing an employee with "less favorable employment opportunities" as a form of wage discrimination, ban employers from prohibiting employees from disclosing their earnings, and outline the administrative enforcement process and remedies. At least 30 other bills that would amend equal pay laws are pending in state legislatures.

It is a widespread concern to increase inequality. Disparity has risen among the most developed and emerging markets and developing countries (EMDCs); a trend that has gained tremendous attention – President Obama called increasing income inequality "the defining problem of our time." An ongoing Pew Research Center (PRC 2014) review found that the gap between the rich and the poor is viewed as a significant challenge by in excess of 60 percent of respondents around the world, and Pope Francis has stood in opposition to the "economy of exclusion." Indeed, the PRC study found that while education and working hard were viewed as significant for excelling, knowing the right people and having a place with an affluent family were likewise critical, and thus recommending possible significant obstacles to social mobility. The degree of inequality, its drivers, and what to do about it have gotten to be probably the most hotly discussed issues by policymakers and scientists alike.

As indicated by PRC 2014, equality, like fairness, is a significant incentive in many societies. Irrespective of ideology, culture, and religion, individuals care about imbalance. Imbalance can be a sign of absence of income mobility and opportunity – an impression of persistent disadvantage for specific sections of the society. Widening inequality additionally has huge effects for development and macroeconomic steadiness; it can think political and dynamic force in the

possession of a few, lead to a problematic utilization of human resources, cause venture diminishing political and economic instability, and raise crisis risk. The economic and social fallout from the worldwide financial crisis and the resultant headwinds to worldwide development and employment have uplifted the attention regarding rising salary disparity.

IMF Report on Causes and Consequences of Income Inequality: A Global Perspective, 2015 denotes that widening income inequality is the defining challenge of our time. In advanced economies, the gap between the rich and poor is at its highest level in decades. Inequality trends have been more mixed in emerging markets and developing countries (EMDCs), with some countries experiencing declining inequality, but pervasive inequities in access to education, health care, and finance remain. Not surprisingly then, the extent of inequality, its drivers, and what to do about it have become some of the most hotly debated issues by policymakers and researchers alike.

This research project sought to evaluate the effect of wage differentials in the remuneration of workforce at the Kenyan Judiciary. Article 159 of the Kenyan Constitution, 2010 defines the Judicial Authority and Legal System of Kenya. Article 161 (1) defines the composition of the Judiciary employees as judges of the superior courts, magistrates, other judicial officers and staff. Judges and magistrates are defined as state officers and have their remuneration computed by the Salaries and Remuneration Commission (SRC) pursuant to Article 230 (4) (a) of the Kenyan Constitution, 2010 while the salaries for the judicial staff are set out by the Judicial Service Commission on advise of the SRC in accordance with Article 230 (4) (b) of the Kenyan Constitution, 2010. The two institutions are key in defining the remuneration structure of the Judiciary and its staff. Currently, Judiciary has employed the use of graded pay structure in remuneration of its employees. A graded pay structure consists of a sequence of job grades to each of which is attached a pay range. During job grading, jobs are allocated to job grades on the basis of an assessment of their relative size and all jobs allocated to a grade are treated the same for pay purposes. A pay range is then attached to each grade and this defines the minimum and maximum rate payable to any job in the grade and indicates the scope provided for job holders to progress through the range (Armstrong, 1999).

On the local perspective, a survey undertaken by Kenya Institute for Public Policy Research and Analysis (KIPPRA) (2013) on comparison of public and private sector wages using broad occupation categories reveals major disparities. Legislators, administrators and managers enjoy a wage premium for all the public offices compared to the private sector. Similarly, professionals, technicians and associate professionals enjoy a wage premium for both basic salary and gross salary in public sector, excluding the civil service (of the government ministries). The wage differential in the respective basic salary is an average of Ksh. 6,394 (professionals) and Ksh. 3,592 (technicians). The highest differentials in favour of private sector is among technicians and associates when compared with the equivalent labour force in the local government (Ksh. 14,641). The finding further shows existence of large vertical inequalities in wages within the public sector.

This is particularly severe between the lower cadres and the highest cadres. The wide inequality is caused by the huge salaries obtained by individuals in the highest job groups, i.e. top 10% of the public wage earners. Wide wage differences also exist within the private sector, with earnings even higher at the top compared to those of the lower cadres, the within-sector (vertical) wage difference being greater than that in the public sector.

Statement of the Problem

Remuneration is highly relied upon by employers to diminish the wage inequality gap since it influences many prospective employees on whether to take the job or not. The income influences where an individual will live, what they can be able to buy, and also who they are (Waren, 2003: Colling and Terry, 2010). Currently, new methods of remunerating employees such as comparable worth used in few public jurisdictions in the United States, Britain, Canada and Australia, employee participation where employees help create wages plans, wage compression where wages of new hires are compressed to equate or be lower than the old serving employees and having an all-salaried workforce, have paved way to new remuneration methods and new ways of motivating staff pocket-wise (Schellhardt, 1998).

In order to stamp the new ideologies on remuneration of employees, the Kenya Law Report (2015) quotes the Judiciary as a preferred arbiter to ensure employees in different firms and organizations are properly remunerated by upholding several precedents set by other courts of Commonwealth jurisdictions or setting up new guidelines in remuneration with landmark cases that Human Resource pundits have described as solomonic rulings. For example, the Ruling in Supreme Court of Kenya Application No. 16 of 2015 between Teachers Service Commission and Kenya National Union of Teachers and three others (Kenya Law Review, 2015) helped to solve one of the longest industrial disputes between teachers and the government of Kenya.

A blueprint on Sustaining Judiciary Transformation, A Service Delivery Agenda (Judiciary, 2017) highlights several Commissions that have been set up in the past by the Judiciary to review the conditions of work and employees in the Judiciary including the Kariuki Commission, Waki Commission, the Kwach Commission and the Otieno Commission. Reports from the Commissions have expressed alarming sentiments on not only the pay levels but also the existing wage disparities between cadres and grades of employees within the Judiciary. The reports published by the Commissions agree that many of Kenya's Judiciary employees grapple with unequal remuneration levels from one job group to the next or one cadre to the other. In addition, the existing unresolved huge wage gaps between employees of the same cadres has been highlighted by the Strategic Plan. From the reports, it is clear that despite the Judiciary being in the forefront championing and protecting and restructuring the welfare and remunerational gaps of other employees in Kenya, the Kenyan Judiciary employees still grapple with huge wage gaps that have been hard to explain or reduce.

While most existing studies have focused on countries and economies, none has looked at the third and equal but powerful arm of the government called the Judiciary. This study seeks to explore a more diverse group of employees and pays particular attention to the income shares of the two categories of employees found in the Judiciary. While highlighting corruption in the Judiciary, the Report of the Committee on the Administration of Justice of 1998 (the Kwach Committee); the Report of the Integrity and Anti- Corruption Committee of 2003 (The Ringera Committee); and the Report of the Ethics and Governance Sub-Committee of the Judiciary of 2006 (The Onyango Otieno Report) highlighted some of the reasons for existing systemic corruption in the Judiciary as that which is caused by the current remuneration levels of the Judiciary employees. The reports agree that this is a policy issue that remains a tight-lipped affair especially when they are put on a table for discussions. The salary structures for both the judicial officers and staff as portrayed by the reports display huge gaps which this research will intend to find why and how they affect the remuneration of employees in the third most powerful arm of the government.

During the vetting of Magistrates and Judges after the promulgation of the new constitution in 2010, it was heard of how poor remuneration methods within the Judiciary had reduced some judicial officers and staff to almost beggars (Judges and Magistrates Vetting Board Report, 2013). What stood most in the report is the wage differentials that exists in the Judiciary between judges, magistrates and staff which are of is the reason this research project is geared to address. The report investigated the divergent trends in wage inequality across the Judiciary as a whole and how they inhibit remuneration of employees in the Judiciary.

Objectives of the study

The main objective of this study is to evaluate the effect of wage differentials in the remuneration of workforce at the Kenyan Judiciary.

1. To determine the effect of organization's policies and procedures on employee remuneration in Kenya's Judiciary.
2. To find out how individual contribution has an effect on employee remuneration in Kenya's Judiciary.
3. To evaluate the effect of experience and skills on employee remuneration in Kenya's Judiciary.
4. To establish the effect of intra-firm differentials on employee remuneration in Kenya's Judiciary.

Theoretic Review

Neoclassical Economics Model

The neoclassical interpretation of wage differentials emphasizes two aspects of wage behavior; since labor demand is determined by the value of the marginal product, wage differentials must correspond to productivity differentials while a second argument refers to the competitive

hypothesis where free market forces will ensure that labor of the same quality will be paid the same wage. According to a report by Jan Drahekoupil and Agnieszka Piasna (2017), the explanation of wage differences with reference to productivity is embedded in the neoclassical economics that explain wage levels with reference to the value created in the production process. In the neoclassical model, assuming perfect market competition in labour and capital markets, production factors, including labour and capital, will be rewarded in line with their productivity.

Profit is thus determined by the level of the marginal productivity of capital, and the wage of workers is in turn determined by the marginal productivity of labour. The production process, according to this model, determines not only the division of the social product, or value added, between capital and labour, but also among individual workers, whose individual productivity is determined by their tasks and skills. Therefore, the argument goes, if unions succeed in raising wages, the inevitable result will be economic inefficiency, hence unemployment. Pereira and Galego (2016) suggest that these are likely to be other factors than human capital variables, such as innovation systems or the quality of public infrastructure, but this line of research has yet to identify such factors.

The Competitive Model

According to Pilar Romaguera (1991), there are basically three types of consideration under which wage differentials remain consistent with a competitive interpretation of the labor market: transitory differences, compensating differentials, and unmeasured labor quality. The last two are related to measurement problems. In the first place, changes in labor demand could produce transitory wage differentials for equally productive workers, differentials that will tend to narrow over time as the labor market returns to equilibrium. A second explanation focuses on compensating differentials that arise as higher wages are needed to compensate workers for job attributes of the industry. In this case wage differentials are essentially a measurement error, since the comparison does not take into account differences in non-pecuniary costs of worker employment.

Finally, wage differentials may reflect the existence of unmeasured labor characteristics. These differentials could arise because different industries employ different technologies, which in turn are sensitive to worker ability in different degrees. The differential ability is known by the worker and the firm but is unobserved by the econometrician. An alternative explanation is that the competitive model is prevented from prevailing, owing to external imposed rigidities. This is the view of some Chilean economists who perceive wage differentials as arising from the role of unions and government regulations, such as minimum wages and wage indexation.

Efficiency Wage Models

According to Pilar Romaguera (1991), Efficiency Wage Model (EWM) though defined in the basic model and the alternative efficiency wage model, has an essential feature which is in the hypothesis

that worker productivity is a positive function of wages, at least over some relevant range. Therefore, firms may be reluctant to reduce wages in the face of excess supply, since the associated decrease in productivity may result in an increase in labor costs. There are different hypotheses to explain the link between wages and productivity which give rise to alternative efficiency models.

Firms that find vacancies costlier will offer higher wages hence firms should choose a “strategy of scale,” where high capital firms pay high wages and vice versa (Lang, 1988). Lastly, the union threat model developed by Dickens (1986) explains the threat of collective action provided by workers with bargaining power that allows them to appropriate part of the firm’s rents. In the case of a monopoly, rents are derived from the firm’s market power (monopoly profits); in the case of a competitive firm, Dickens assumes that in the short run workers will share the return from any firm’s fixed assets. The model predicts that unemployed workers will be unable to bid down the firm’s wages and that higher wages are expected in sectors with low organization costs and high potential gains from unionization.

Sociological or Normative Models

The sociological model emphasizes on social conventions that are not completely individualistic (Solow, 1979 and 1980; Akerlof, 1982 and 1984; and Akerlof and Yellen, 1988). In Akerlof’s partial gift exchange model (Akerlof, 1984) the firm raises worker effort by paying the worker a wage above the going wage (giving a gift) and in reciprocity workers will work harder than the minimum standard (a reciprocal gift). Workers have a perception about their fair wage that Akerlof models as a function of previous period wages, wages paid to other workers who belong to the individual’s reference group, unemployment levels, and the individual’s work rules. They make a similar argument to predict the positive correlation between wages and profits. The hypothesis is that worker morale, and therefore work effort, will be negatively affected by “unfair” disparities between worker and firm earnings.

There are two main implicit hypotheses or assumptions in the sociological model that we would like to highlight: A first implicit assumption is the notion that in most occupations’ workers have some discretionary power over their work. As a consequence, firms’ output does not depend only on the number of workers employed but also on workers’ level of effort. As has been stated by Akerlof (1982) this could be also interpreted as a distinction between labor and labor power. A second implicit notion is that the economic man is a social category (Solow, 1980). The recognition of the importance of social conventions and fairness considerations determines that the effort function depends not only on workers’ own wages, but also on workers’ relative wages (across workers) and workers’ past wages. A worker’s perception of being unfairly treated with respect to his/her coworkers influences his/her productivity.

Conceptual Framework

The conceptual framework is developed to provide clear links of the independent variables and dependent variable as they relate to each other in this research. The framework developed here was based on four independent variables: organizational policies and procedures, individual contribution, experiences and skills and intra-firm differentials and one dependent variable employee remuneration (base pay, allowances/benefits and taxes and contributions).

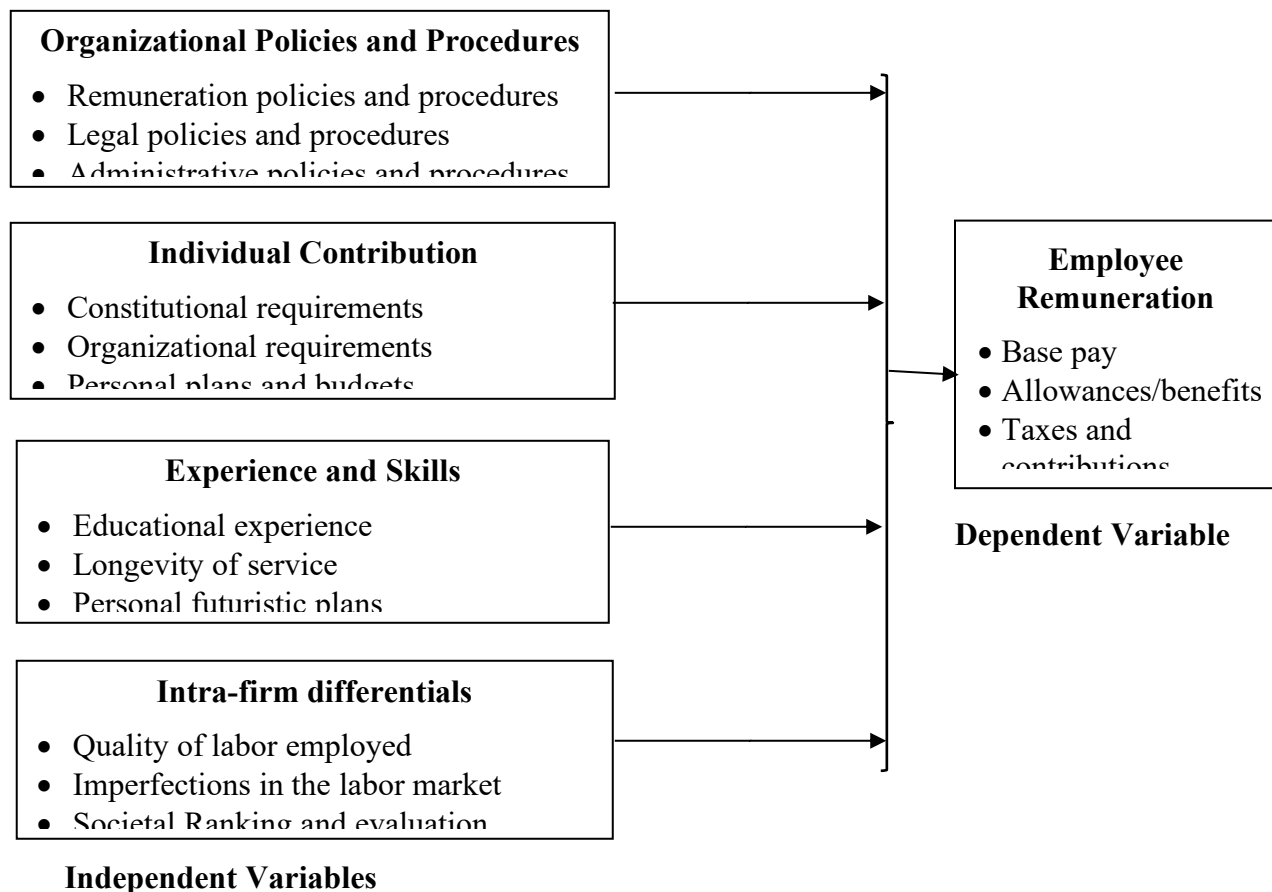


Figure 1: Effects of Wage Differentials on Employee Remuneration

Critique of the Study

Jan Drahokoupil and Agnieszka Piasna (2017) have pointed out that the marginal productivity of workers cannot be separated from the marginal productivity of the capital that they use (Robinson and Eatwell 1973) as propagated by neoclassical model. Accordingly, profits are not determined in the production process, but should rather be understood as a residual that remains after the capitalist pays for the costs of capital and labour. Similarly, the contribution of individual workers to the overall value added cannot be measured separately for each participant in the cooperative

production process. In this view, the profits and wages of individual classes of workers are determined historically and in a political struggle. The outcomes are conditioned by the relative power of individual classes as conditioned by supply and demand on the labour market, social policies that change the external options for workers, or by the abilities of workers to organize collectively and also by the productivity levels that determine the value to be distributed. Moreover, a capitalist may withdraw new investment should wage claims bring profits below an acceptable level, or what is on offer in other investment locations. Mainstream economics has largely ignored this critique but it addresses the inadequacy of the perfect competition assumptions through bargaining models that are somewhat more realistic about the process of wage determination and that allow bargained wages also to be economically efficient (i.e. not harmful to employment, or even involving better employment outcomes).

The model's discussed above also define wage differentials between economies of different countries and those of private entities without putting in the challenges faced by the thematic area of study: The Judiciary. According to Richard Disney (2007), one possibility is that the workers in the public sector do systematically different jobs from those in the private sector, and this is why rates of pay differ. Some jobs are often seen as intrinsically 'public sector jobs': public administration, nursing, teaching or security (police, armed forces, intelligence services etc.). Yet there is nothing intrinsically 'public sector' about many of these jobs – a simple comparison of the occupational composition of the public sector in the UK compared to, say, 25 years ago, will illustrate this point. The public sector in Britain has become more non-manual in composition, and increasingly dominated by workers with higher professional qualifications (Disney, Goodmand, Gosling and Trinder, 1999). Even in specific sectors, the market context of different jobs varies. Further back in history, jobs which we might regard as wholly 'public sector' have not been exclusively so in the past. Tax collection was often contracted out to private agents who could retain a share of the revenues that they raised. Armies and militia were often raised as mercenaries or by conscription. The development of a 'public sector' seems often to have been brought about by historic events or geographical circumstances. One of the earliest examples of a systematic attempt to develop a large-scale publicly-managed sector in England was the expansion of publicly-managed naval storehouses and dockyards in the first part of the sixteenth century – by the mid-1560s, public dockyards constituted the largest single employer of workers on regular salaries in England (Rodger, 1997).

According to Richard Disney (2007), most of the arguments presented in the models are specific to an analysis of pay determination in developed economies, although they may also have pertinence in other labour markets. A salient feature of labour markets in developing and transition economies is the co-existence of a relatively small 'formal sector' of employment in salaried jobs and a (often much large) sector of informal and own employment.

Research Gaps

The topic under study is wide. Theoretical and practical contributions to the literature have been made by several studies, however, with numerous limitations. For instance, most of the previous researches were done in advanced economies like United State of America and France by Abowd, Kramarz, and Margolis (1999) and Abowd, Finer, and Kramarz (1999) respectively, Germany by Matt L. Huffman, Joe King, Malte Reichelt (2016) and in Nordic countries of Denmark, Finland, Norway, and Sweden by Brown and Medoff (1989) and Albæk, Arai, Asplund, Barth, and Madsen (1998). There were inadequate studies on wage differentials on employee remuneration in Africa and especially in Kenya. This is echoed by Richard Disney (2007) when he states that the workers in the public sector do systematically different jobs from those in the private sector, and this is why rates of pay differ while Disney, Goodmand, Gosling and Trinder (1999) elaborate on the advanced changes by stating that during the same time, the share of public sector employment in some white collar professions (e.g. managers, auditors) has expanded rapidly in that period. The public sector in Britain has become more non-manual in composition, and increasingly dominated by workers with higher professional qualifications. Therefore, this study was done to fill the literature gap.

The past empirical and theoretical contributions are also incommensurate to judicial sector in Kenya. Matt L. Huffman, Joe King, Malte Reichelt (2016) research study was done with a view of analyzing a wage gap between male and female in Germany firms while Groshen (1991) used data for six manufacturing industries from the Bureau of Labor Statistics' Industry Wage Surveys in the USA to establish wage differentials. Research conducted by Francine D. Blau and Lawrence M. Kahn (2016) from the PSID microdata concentrated on women's education, experience and occupational representation, as well as the elimination of the female shortfall in union coverage, and showed that they played an important role in the reduction in the gender pay gap while that of Christine Erhel and Mathilde Guergoat-Larivière (2010) centered on job quality and labour market performance in explaining o wage differentials between men and women in a heterogeneous workforce. All these studies, despite touching on wage differentials, could not provide the required data being sought in the current study.

Research Methodology

A descriptive research design method was used in the study. The population of the study comprised of employees within the Kenyan Judiciary. According to the Judiciary Staff Establishment Report (2019), there are currently 8,657 employees in the Kenyan Judiciary, from where a sample of 368 respondents were selected. The study used self-administered questionnaires composed of close-ended questionnaires for easier analysis. Self-administered questionnaires were used for convenience of both study and respondents of the study.

Descriptive analysis was done to determine the percentages and frequencies of respondents' responses. Correlation and regression were used in data analysis. Correlation analysis was used to show the link between employee empowerment and organizational performance. Multiple regressions showed the relationship between wage differentials and employee remuneration. The presentation of the results was done in charts, tables and graphs.

Research Findings and Discussion

Descriptive and inferential statistics were used to discuss the findings of the study. The study targeted a sample size of 368 respondents from which 307 filled in and returned the questionnaires making a response rate of 83.4%. This response rate was satisfactory to make conclusions for the study. The response rate was representative. According to Mugenda and Mugenda (2008), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was considered excellent.

Table 1: Response Rate

Questionnaires	Frequency	Percent
Returned	307	83.4
Un-returned	61	16.6
Total	368	100.0

Reliability Analysis

A pilot study was carried out to determine reliability of the questionnaires. The pilot study involved a sample of respondents from the target population, who were not included in the actual study. Reliability analysis was subsequently done using Cronbach's Alpha which measured the internal consistency by establishing if certain item within a scale measures the same construct. Gliem and Gliem (2003) established the Alpha value threshold at 0.7, thus forming the study's benchmark. Cronbach Alpha was established for every objective which formed a scale. The table shows that experience and skills had the highest reliability ($\alpha=0.887$), followed by organization's policies and procedure ($\alpha=0.874$), intra-firm differentials ($\alpha=0.837$) and individual contribution ($\alpha=0.774$). This illustrates that all the four variables were reliable as their reliability values exceeded the prescribed threshold of 0.7.

Table 2: Reliability Analysis

Variable	Cronbach's Alpha	Number of items
Organization's policies and procedures	0.874	10
Individual contribution	0.774	10
Experience and Skills	0.887	10
Intra-firm differentials	0.837	10

Correlation Analysis

The study carried out correlation matrix analysis to examine the association between wage differentials and employee remuneration of employees in the Judiciary of Kenya. The results of Pearson Moment Correlation analysis is depicted in the table below:

Table 3: Pearson Correlations Results

		Employee Remuneration	Organization's policies and procedures Individual contribution	Experience and Skills	Intra-firm differentials	
Employee Remuneration	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	331				
Organization's policies and procedures	Pearson Correlation	.689**	1			
	Sig. (2-tailed)	.001				
	N	307	307			
Individual contribution	Pearson Correlation	.712**	.145**	1		
	Sig. (2-tailed)	.000	.001			
	N	307	307	307		
Experience and Skills	Pearson Correlation	.705**	.361**	.211	1	
	Sig. (2-tailed)	.000	.000	.177		
	N	307	307	307	307	
Intra-firm differentials	Pearson Correlation	.774**	.211**	.198**	.147	1
	Sig. (2-tailed)	.003	.000	.000	.167	
	N	307	307	307	307	307

** . Correlation is significant at the 0.01 level (2-tailed).

From the findings in Table 3, organization policies and procedures had a strong positive and significant relationship with employee remuneration ($r=0.689$, $p=0.001$); individual contribution is seen to have a strong positive and significant relationship with employee remuneration ($r=0.712$, $p=0.000$). It can also be seen that there is a strong positive and significant relationship between

experience and skills and employee remuneration ($r=0.705$, $p=0.000$). Finally, intra-firm differentials are seen to have a strong positive and significant relationship with employee remuneration ($r=0.774$, $p=0.003$). These findings show that the independent variable (intra-firm differentials, individual contribution, organizational policies and procedures, and experience and skills) have a strong influence on employee remuneration, hence the conclusion that wage differentials strongly affect remuneration of workforce at the Kenyan Judiciary.

Regression Analysis

Model Summary

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.866 ^a	.750	.743	.07807

a. Predictors: (Constant), Intra-firm differentials, Individual Contribution, Organizational Policies and Procedures, Experience and Skills

R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings, the value of R squared was 0.743 an indication that there was variation of 74.3% on employee remuneration due to changes in intra-firm differentials, individual contribution, organizational policies and procedures, and experience and skills. The remaining 25.7% suggest that there are other factors that influence employee remuneration that were not discussed in this model. In addition, R value is the correlation coefficient value which shows the strength of the relationship between the independent variables and the dependent variable. The study findings indicate that variables used in this model were strongly related as indicated by correlation coefficient (R) of 0.866.

Table 5: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	7.226	4	1.806	17.042	.000 ^b
1 Residual	32.012	302	0.106		
Total	39.238	306			

a. Dependent Variable: Employee Remuneration

b. Predictors: (Constant), Intra-firm differentials, Individual Contribution, Organizational Policies and Procedures, Experience and Skills

From the findings in Table 5, the F-calculated was 17.042. The F-critical ($F_{4,302}$) obtained from f-distribution tables was 2.402. This show that the F-calculated is greater that the f-critical value hence a linear significant relationship exists between intra-firm differentials, individual contribution, organizational policies and procedures, and experience and skills and employee remuneration. In addition, the p-value (0.000) was less than the significance level (0.05). This confirms goodness of fit of the model in predicting the influence of intra-firm differentials, individual contribution, organizational policies and procedures, and experience and skill son remuneration of workforce at the Kenyan Judiciary.

Table 6: Beta Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.361	.128		10.633	.000
Organizational Policies and Procedures	.268	.062	.280	4.330	.000
¹ Individual Contribution	.188	.032	.201	5.929	.000
Experience and Skills	.581	.060	.647	9.660	.000
Intra-firm differentials	.234	.086	.213	2.705	.007

a. Dependent Variable: Employee Remuneration

From the beta coefficients findings presented in Table 6, the study fitted the following regression equation;

$$Y = 1.361 + 0.268 X_1 + 0.188 X_2 + 0.581 X_3 + 0.234 X_4 + \epsilon$$

From the above equation, it can be observed that when the variables intra-firm differentials, individual contribution, organizational policies and procedures, and experience and skills are held to a constant zero, employee remuneration will be at a constant value of 1.361. From the findings, organizational policies and procedures are statistically significant to employee remuneration ($\beta = 0.268$, $P = 0.000$). This implies that at 95% confidence level, organizational policies and procedures had significant positive relationship with employee remuneration. This implies that a unit increase in organizational policies and procedures will result to increase in employee remuneration in Kenya's Judiciary by 0.268 units. These findings suggest that organizational policies and procedures positively influences employee remuneration.

On individual contribution, the study findings show that it is statistically significant to employee remuneration ($\beta = 0.188$, $P = 0.000$). This implies that at 95% confidence level, individual contribution had significant positive relationship with employee remuneration. This implies that a unit increase in individual contribution will result to increase in employee remuneration in Kenya's Judiciary by 0.188 units. These findings suggest that individual contribution positively influences employee remuneration.

The findings also show that experiences and skills are statistically significant to employee remuneration ($\beta = 0.581$, $P = 0.000$). This implies that at 95% confidence level, experiences and skills had significant positive relationship with employee remuneration. This implies that a unit increase in experiences and skills will result to increase in employee remuneration in Kenya's Judiciary by 0.581 units. These findings suggest that experiences and skills positively and significantly influence employee remuneration in Kenya's Judiciary. Lastly on intra-firm differentials, the findings show that it is statistically significant to employee remuneration ($\beta = 0.234$, $P = 0.007$). This implies that at 95% confidence level, intra-firm differentials had significant positive relationship with employee remuneration. This implies that a unit increase in intra-firm differentials will result to increase in employee remuneration in Kenya's Judiciary by 0.234 units. These findings suggest that intra-firm differentials positively and significantly influence employee remuneration in Kenya's Judiciary.

Conclusion

The study found that organizational policies and procedures are statistically significant to employee remuneration and had significant positive relationship with employee remuneration. This implies that a unit increase in organizational policies and procedures will result to increase in employee remuneration in Kenya's Judiciary. Based on the study findings, the study concludes that organizational policies and procedures positively and significantly influence employee remuneration. On individual contribution, the study found that it is statistically significant to employee remuneration and had significant positive relationship with employee remuneration. This implies that a unit increase in individual contribution will result to increase in employee remuneration in Kenya's Judiciary. Based on these study findings, the study concluded that individual contribution positively influences employee remuneration.

The study found that experiences and skills are statistically significant to employee remuneration and had a significant positive relationship with employee remuneration. This implies that a unit increase in experiences and skills will result to increase in employee remuneration in Kenya's Judiciary. Based on these findings, the study concluded that experiences and skills positively and significantly influence employee remuneration in Kenya's Judiciary. Lastly the study found that intra-firm differentials is statistically significant to employee remuneration and had a significant positive relationship with employee remuneration. This implies that a unit increase in intra-firm differentials will result to increase in employee remuneration in Kenya's Judiciary. Based on these

findings, the study concludes that intra-firm differentials positively and significantly influence employee remuneration in Kenya's Judiciary.

Recommendations

The study recommends the Kenya's judiciary to adopt policies that are fair. It is also important for the organization to adopt written policies and procedures; this is because written policies and procedures are essential to effective and efficient operations in an organization. Once the policies and procedures have been developed, it is important for the organization to communicate them to all employees; clear communication is important in creating good internal controls and outlining the expectations of all individuals involved in the operations.

Further, the study recommends Kenya's judiciary to provide 'equal pay for equal work'; this is because it was found that despite employees executing similar tasks, there is pay discrimination based on gender and background of the individual. There is need for fairness and equality despite employees' background. All employees performing similar tasks, having the same level of education, experience and skills should receive the same pay level irrespective of their background or gender; there should be a policy to ensure this is implemented. The judiciary should also ensure there is openness on what each employee is paid to ensure that all are treated equally.

There is also need for the organization to provide clear policies and procedures that are used to determine the pay levels of employees with different skills; this will allow openness and clarity on what employees need to achieve certain pay levels. The study also recommends employees to try and improve themselves by improving their skills, experience and knowledge; this will allow them to increase their wages.

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