

Abstract

This study was motivated by lack of definite criteria for determining wages within the civil service in Kenya. A double log wage model was estimated using time series data for the period 1970-2005. The main variables specified in the wage equation included employment, productivity, minimum wages, one year lagged wage rate, and dummy variables to capture the influence of trade unions and politics in the determination of civil service wages. One of the main findings of the study is that civil service wages will take time to adjust to the long run equilibrium, an aspect that has several implications on policy, as explored in this paper.