

The Paradox of Minimum Wage: Exploring its Effects on the Economic Welfare of Domestic Workers in Zambia

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ABSTRACT

This study explored the effects of minimum wage policies on the economic welfare of domestic workers through a hermeneutic phenomenological lens within a qualitative research framework. A total of twenty-two (22) participants were engaged using snowball and criterion-based sampling techniques, revealing a diverse range of perspectives on the effectiveness of minimum wage regulations. The findings uncovered three key insights: (i) Minimum wage policies often fail to enhance the economic welfare of domestic workers due to widespread non-compliance, informal employment arrangements, and weak enforcement mechanisms; (ii) For some domestic workers, the policy has unintended negative consequences as employers respond by reducing wages (if initially above the minimum threshold), cutting working hours, or increasing workload; and (iii) Despite these challenges, minimum wage policies serve as an essential benchmark, facilitating fair compensation discussions and empowering workers in wage negotiations. These findings underscore the complexity of wage regulations in the domestic work sector and highlight the urgent need for stronger enforcement mechanisms, enhanced social protection measures and targeted awareness campaigns to ensure that minimum wage policies meaningfully contribute to the economic welfare of domestic workers.

Keywords: Minimum wage, Economic welfare, Domestic workers, Hermeneutic phenomenology, qualitative research.

INTRODUCTION

The minimum wage policy is a policy that promotes the welfare of the unskilled in any given economic environment. The main aim of the this policy is to alleviate the poverty levels of the unskilled or rather to improve the economic status of the unskilled who are mostly exploited in any business environment (ILO, 2022). The International Labour Organization's primary goal with the minimum wage is to prevent employees from being taken advantage of by their employers, to help low-paid workers have an adequate standard of living, and to encourage fair salaries, so reducing poverty, especially among the poor (WIEGO, 2013). Furthermore, minimum wage laws exist in 90% of the world's nations and the living wage remains a crucial topic worldwide. The concept of a living wage has no established meaning although (ILO, 2023) referred to the living wage or livable wage as an amount adequate to cover the basic living needs of an average-sized family in a specific economy. A typical family in Zambia has six members (i.e. four children and two adults) (ZIPAR, 2023), while a living wage has been defined differently in many contexts, but one aspect that unites them all is that they must cover the earner's and their family's most basic living expenses. It is meant to pay for things like housing, food, daycare, transportation, healthcare, taxes, and other basics that are necessary for someone to live a decent life (ILO, 2023).

In Zambia, the first minimum wage law was passed in 1982 (ILO, 2011) and is, required by law, to be updated every two years, however this rarely occurs. Over the forty (40) years period, between 1982 and 2022, minimum

wage for domestic workers has only been revised six (6) times. The first revision after enactment was in 1977, which was 15 years apart, then 2002 (after 5 years), 2006 (after 4 years), 2012 (after 6 years), 2018 (after 6 years) and the most recent one in 2022 which raised minimum wage to K1300.00 (after 4 years) (IS No. 49 of 2028, 2018), which is still effective. Despite the policy being in place, domestic workers are still among the lowest paid in the Zambian labour market, earning about one-fifth of the national average wage, despite their skills being very important (koyi, 2020). . The exchange rate of the Zambian Kwacha against the US Dollar was around K1.00 to \$27 at the time of writing this journal article (January, 2025). According to International Labour Organization, the minimum wage of K1,300.00 has no real effect on domestic workers as it lacks enforcement (ILO, 2023). This is against the K10,800.56 as Basic Needs and Nutrition Basket (BNNB) for the family of five (5) in Lusaka (Lukwesa, 2025)

Table 1 below summarizes how the minimum wage for domestic workers has evolved from 2011 to 2022 in Zambian local currency.

Year	2011	2012	2017	2018	2022
Wages for domestic worker	K250	K420	K520	K993.60	K1300

Table 1: Summary of Revised Minimum Wages for Domestic Workers

Source: Government Republic of Zambia, Statutory Instruments No.46, 47 and 49 of 2012, 2018 and 2022 respectively.

International Labour Organization (ILO) defines a domestic worker as someone who works in a private household for a pay and provide services such as; cooking, cleaning, taking care of children, washing and ironing clothes, protecting the house and its possessions, and caring for pets (ILO, 2021). ILO is a specialized organ of the United Nations (UN) responsible for drawing up and monitoring international labour standards. The Domestic Workers Convention No. 189 and the Domestic Workers Recommendations No. 202 are the first set of international standards that establish a comprehensive legal framework specifically regulating the working life of domestic workers (Chen, 2021). The aim of new instruments (Domestic Workers Convention 2011 No.189 and Domestic Workers Recommendation No. 201) is to improve the working conditions of millions of domestic workers by setting minimum standards of employment for this occupational sector.

Domestic workers play a very crucial role in supporting families they work for and enabling economic participation by them doing the necessary work while household owners focus on their day to day professional duties and work. These employees have the option of living in the home of the employer or working remotely (a commuter). According to (Chen, 2021), the occupation of domestic work traces back to the colonial era where men would work in the fields while women worked in homes of their colonial masters. Despite the fact that it is one of the oldest professions, it is overlooked in the entire global work force. It is only recent that some countries have been able to include the domestic workers into the formal work force although the large part being informal domestic workers. More than 80% of all domestic employees are women, making this a highly feminized industry. Domestic workers make for one in every 13 female wage earners worldwide (ILO, 2021). There are two types of domestic workers that include formal and informal domestic workers. Formal domestic workers are those employed under recognized legal framework and are entitled to certain rights and protection while the informal domestic workers are those employed without legal recognition and have no protection and certain rights are not respected by their employers (ILO, 2022). Generally, domestic workers work in the informal sector and as such they tend to be exploited.

According to the Zambian Ministry of Labour and Social Security 2020 Labour force survey report, it is estimated that household sector accounted for 131,123 people employed as domestic workers, of this number, 28, 832 were domestic paid workers and 102,291 were helping without pay in a household. According to (Mulenga, 2021) in the 2015 profile on domestic workers, they estimated the number of domestic workers to be 97,652 with Lusaka having more than 60,000. The Lusaka number showed an increase from 50, 000 domestic workers in 2012. This is because, Lusaka being the capital city of Zambia, many people migrate from the outskirts of Lusaka in search of paid domestic employment which is believed to be better in the city than in rural areas.

Statement of Problem

Zambia introduced minimum wage policy as law in 1982 (ILO, 2023) and this is meant to have a positive effect on the living standards of the unskilled workers such as domestic workers who are the most exploited in the labour market. Over the years, the minimum wage for domestic workers has been revised upwards with the current minimum wage for domestic workers being K1300.00 which is USD50 per month (Government Republic of Zambia SI 48 of 2022, 2022). Despite the policy being in place, some employers are still paying their employees less than the stipulated minimum wage and some employees are still accepting being paid less than the minimum wage (Chikwiba, 2019). The continued trend of non-compliance to the upward adjustments of the minimum wage for domestic workers is making domestic workers not to see or feel the effects of the policy as their economic lives remains the same.

Theoretical Framework

The study was anchored on two theories namely: Dual Labor Market Theory (Doeringer & Piore, 1971) and Institutional Theory of Wage Determination (Phelps Brown, 1977) as they capture the informal nature of domestic work, lack of compliance, and weak policy enforcement.

1. Dual Labor Market Theory (Doeringer & Piore, 1971). This theory divides the labor market into two segments: Primary sector: Jobs with stable wages, benefits, and legal protections. Secondary sector: Informal, low-wage, and unstable jobs with little regulation. It is relevant to the study in that domestic workers often fall into the secondary labor market, where non-compliance, informality, and weak enforcement undermine minimum wage laws. The Dual labour market theory provides a useful framework for understanding wage inequality and job segmentation. This framework helps explain why wage regulations fail to protect domestic workers adequately. While it highlights institutional barriers, critics argue that the labour market is more fluid than the theory suggests in that workers transition from secondary to primary jobs. Moreover, not all primary jobs offer stability. It may oversimplify labour markets dynamics by neglecting individual mobility and economic forces
2. Institutional Theory of Wage Determination (Phelps Brown, 1977). This theory argues that wages are not just determined by market forces but also by institutional factors like labor laws, enforcement mechanisms, and collective bargaining. The theory is relevant to the study in that it highlights the role of weak enforcement and informal employment arrangements in undermining minimum wage laws. This theory supports the need for stronger institutions and legal frameworks to ensure compliance. However, critics argue that while institutions matter, market forces, productivity and completion still play a crucial role. Therefore, a balanced view recognizes that wages are shaped by a combination of institutional rules and economic fundamentals

REVIEW OF RELATED LITERATURE

The effectiveness of minimum wage policy in Zambia depends not only on the coverage and levels of minimum wages but also on the degree of compliance with legal provisions. The fact is that “simple legislation of a minimum wage will not make it happen” (Chikwiba, 2019), ensuring compliance in developing economies, as measured by the proportion of wage earners who receive minimum wages is more problematic. Even at this level of less than perfect compliance, a majority of low-paid wage workers would still benefit from minimum wages. However, in Zambia, it is estimated that more than 50 percent of the workers envisaged for minimum wage rates have not been paid their wages and salaries based on the revised rates (Kalinda, 2021). Effects of minimum wage on the economic welfare of domestic workers encompass a range of factors that influence their earning, employment opportunities and overall well-being of domestic workers. The effects are multifaceted as they include both positive and negative outcomes.

Wage increases for domestic workers

The primary objective of minimum wage policies is the potential increase in the wages of low-income workers, including domestic workers. For instance, when the Ministry of Labour and Social Security announced the upward adjustment of the minimum wage for domestic workers from K980.00 to K1,300.00 per month, domestic

workers who were earning below the threshold started bargaining for their wages to be increased to the minimum wage. A study done in India by (Gudibande, 2018), pointed to the fact that minimum wage laws for domestic workers were found wanting in their construction, implementation and effectiveness. The informal nature of the sector implies that often, there are no written contracts or formal records of transactions that can be exploited for analytical work.

Employment Opportunities and Reductions

The effects of minimum wage on employment and job creation in an economy have been a subject of debate in labour economics. Minimum wage policies aim to protect workers' rights and improve their economic well-being. The effects of minimum wage on employment levels have been mixed. It is worth noting that the effects of minimum wages on employment is a complex one and is influenced by multiple factors such as economic conditions, labour market structure of the concerned nation and productivity levels. While other studies suggest that higher minimum wages may lead to job losses as employers might reduce the number of domestic workers they hire due to wage costs especially if their salaries (employers of domestic workers) has not increased. Minimum wage hikes can lead to reduced employment opportunities for domestic workers, particularly those with lower skills or experience (Adjei, 2023). This is because employers would face higher labour costs and may cut on hiring domestic staff or reduce work hours to compensate for increased wages. The reason being that domestic workers are considered as secondary workers who are employed by the primary workers and if the wages for primary employees (employers of domestic workers) have not changed, it becomes hard or impossible to increase the salaries of their domestic staff.

Others argue that the effect of increased minimum wage on employment is minimal. According to (Otieno, 2022), the study done in Kenya found no significant decrease in employment among domestic workers following a minimum wage increase. Others have maintained their work force but increased the work load for individual workers. A survey by the Zambia Institute for Policy Analysis and Research (ZIPAR), in 2023 found that although some households reduced the number of domestic workers, the overall demand for domestic services remained high and job losses were minimal. This is true among households with young children to take care of (ZIPAR, 2023).

According to (Yeboah, 2023), in his study in Ghana on the effects of minimum wage on employment, it was discovered that minimum wage increase had no significant negative effect on overall employment level in a country. The study suggested that other factors such as economic growth and sectoral dynamics may have a stronger influence on employment outcomes compared to minimum wage policies. Similarly, a study by (Adjei, 2023) which explored the effects of minimum wage changes on employment revealed that there are no significant negative effects of minimum wage increases on overall employment levels in Ghana. Nevertheless, the study found some evidence of potential displacement effects in specific sectors and among certain groups of workers such as low-skilled and young workers. These findings highlighted the importance of considering sector-specific dynamics and potential differential effects on various worker groups when assessing the effects of minimum wages on employment.

Overall, the minimum wage and its effects on employment and wage inequality have mixed results in that it shows both the magnitude and direction as the level of minimum wage also matters. For example, the effects of minimum wage are larger in Latin America than in the USA because the minimum wage itself in the formal is higher relative to the median wage and is increasing rapidly. Conversely, the effects are potentially smaller in Latin America than in Europe where the minimum wage is also high but the enforcement of legislation is much stricter. Moreover, macroeconomic conditions also play a vital role in that a rising minimum wage in a rapidly growing economy may help distribute the fruits of growth more evenly across workers by lifting the earnings of unskilled workers without sizeable employment losses. On the other hand, a rising minimum wage in a context of low growth may backfire because employment losses among workers may outweigh gains. Minimum wage levels vary considerably from country to country depending on various macro indicators.

Income Redistribution and Poverty Reduction

Recent studies, exploring the impact of minimum wage policies on economic welfare of domestic workers in

Africa and beyond, highlight both benefits and challenges. These studies generally underscored the potential of minimum wage laws to reduce poverty and improve working conditions for low-paid workers including domestic workers. However, enforcement and compliance remain significant barriers especially in the informal domestic work sector as seen in Zambia and other African countries. Minimum wage policies can contribute to income redistribution by lifting the earnings of low wage workers. This may result in a reduction in income inequality and an improvement in the economic well-being of domestic workers from lower-income households (Nyirenda, 2020). According to (Yeboah, 2023), minimum wage plays a vital role in reducing poverty rates in an economy in that it ensures that workers receive a basic pay. The study reviewed that minimum wages has a positive impact on poverty reduction. The findings were that an increase in the minimum wage leads to a decline in poverty rates among affected workers especially the vulnerable groups like domestic workers.

Moreover, in another study which investigated the relationship between minimum wage changes and income inequality in Ghana, the findings suggested that minimum wage increases contributed to a reduction in income inequality particularly among low-wage workers. The study highlighted the important role of minimum wage in promoting income redistribution and narrowing the income gap (Yeboah, 2023). The minimum wage can serve as an effective policy tool for poverty reduction and improving the well-being of low-income households. This is in line with a study by (Smith, 2023) that showed that an increase in minimum wage in several states in the United States of America had positively impacted the income levels of domestic workers. For example, California's minimum wage increased to \$15 per hour in 2022 has significantly raised the earning of domestic workers, reducing poverty levels among this demographic.

In Zambia, the introduction and subsequent adjustments of minimum wage policies have significantly impacted the income levels of domestic workers. According to (Mbao, 2022), in the study on the impact of minimum wage increases on domestic workers in Zambia, it was discovered that the average monthly earning increased following the minimum wage adjustment. This increment from K993.00 to K1300.00 has been crucial in alleviating poverty among domestic workers who are often among the lowest paid labourers in Zambia. The higher income levels have allowed many domestic workers to afford better housing, healthcare and education for their children. This is only correct if the employers for domestic workers are adhering to the upward adjustment which is not always true as most employers do not pay the stipulated minimum wage. Moreover, the study done by (Chikwiba, 2019) alluded to the fact that some employers for domestic workers do not pay their workers the stipulated minimum wage because it is too expensive for them. It becomes worse if the employer for domestic worker earns lower wages as it becomes impossible for such an employer to pay the employee the minimum wage.

The minimum wage for domestic workers contributes to the reduction for household income (Brito, 2017) and this contributes to non-adherence levels by the employers of domestic workers. This is a case where household income such as salaries of the employer in that household has not changed and yet the minimum wage has been revised upwards. This is similar to what is prevailing in Zambia according to (ILO, 2015), where the salaries for employers of domestic workers, who are also employees in other organizations, have not been raised upwards for a long time. Employers of domestic workers are found in all types of social-economic industries and these include; government employees, owner of a business in informal settlement, markers, bank employees, cashiers in supermarkets, parastatal employees, college and university employees, waiters and many more. It was observed that 74% of employers for domestic workers then earned less than K1,500.00 per month which was less than the national average salary of paid employees as of 2012 which was K1724.00 (ILO, 2015) and 32% earned less than the minimum wage they were supposed to pay their domestic workers which was K420.00 then.

Price Effects

Another effect of minimum wage is the potential impact of wage increases on the prices of household services. For example, if the cost of hiring domestic workers rises due to higher minimum wages, households may face increased prices for cleaning, childcare or elder care services. Moreover, the effect of minimum wage on inflation and cost of living is an important consideration when analyzing their effects to an economy. Increasing minimum wage can potentially contribute to inflationary pressure as higher labour costs are often passed to consumers through higher prices for goods and services. According to (Yeboah, 2023), in his study which was examining

the effects of minimum wage on prices and inflation in Ghana, the findings suggested that minimum wage increases had a positive but modest effect on inflation. The study argued that while minimum wage increases can contribute to inflation, their overall effect is relatively limited due to factors such as productivity gains, consumption and other inflationary pressures of an economy. However, it is important to note that the effects of minimum wage on the cost of living can vary depending on the specific dynamics of the economy. A study by (Amah, 2020) which analyzed the effects of minimum wage on household consumption expenditure in Ghana indicated that minimum wage increase had a significant positive effect on household consumption expenditure suggesting that higher wages contributed to improved purchasing power for the low-income households such as domestic workers.

Working conditions

Improved wages have positively impacted working conditions. Domestic workers have reported better job satisfaction and a greater ability to negotiate terms and conditions of employment as the minimum wage act as a benchmark for salary negotiations. However, there remains a significant portion of domestic work that occurs in informal settings where benefits are less pronounced. According to Zambia Federation of Employers (ZFE), higher wages that come with increase in minimum wage have empowered domestic workers to seek for better working conditions. Many employees reported improved treatment and greater respect from employers. The federation also noted that an increase in formal employment contracts among domestic workers provided better job security and clarity on job expectations (ZFE, 2023).

Moreover, a study done by (Mudau, 2017), in South Africa which measured the impact of South Africa's National Minimum Wage (NMW) introduced in 2019 found that although the wage increase improved earnings for domestic workers, challenges persisted in compliance. Many workers remained below the mandated minimum wage due to weak enforcement and informal labour market. Employers also adjusted working hours to offset higher wage costs thereby limiting the intended welfare improvements. There is need therefore, for better monitoring mechanisms and comprehensive support to enforce minimum wage policies effectively across different sectors. Additionally, domestic work is an informal employment and according to International Labour Organization, informal employment is a key challenge in today's globalized economies, not only from the perspective of millions of women and men who earn their livelihoods working and producing under informal arrangements, but also for policy-makers striving to find the right policy responses (ILO, 2021). Typically, those in the informal economy earn little and have low productivity, in spite of working long hours. Exposed to inadequate and unsafe working conditions, they also have limited access to social protection and weak coverage under the law and are often not unionized

In addition, according to the International Labour Organization Global Wage Report of 2020 to 2021 highlighted that while minimum wage policies, including those for domestic workers play a crucial role in reducing wage inequality; their effectiveness depends on institutional factors like enforcement and collective bargaining. The COVID-19 pandemic worsened the vulnerability with many domestic workers losing income and employment, particularly in Africa and Asia (ILO, 2022). The study emphasizes that without proper enforcement, minimum wage laws offer limited protection. Some key features of domestic work differentiating it from other similar low skilled in formal occupations are (Gudibande, 2018), lack of precise job description, the employment relationship is invisible or in other words it is often undeclared and has no written contract, unequal balance of power between the employer and the employee and the expectation on the part of the employer for the employee to be available at work at all times

Furthermore, global review by (Neumark, 2024) examined the broader impact of minimum wage on worker well-being including domestic labour. The review reported mixed outcomes; while wages for low-income workers improved, employment effects varied by region and sector. For domestic workers, especially in developing economies, the minimum wage often led to reduced job opportunities as employers sought cheaper alternatives. The report points to a need for more localized studies to understand how different economies respond to minimum wage laws and how informal employment dynamics affect outcomes. The above studies collectively show that while minimum wage policies can enhance the financial well-being of domestic workers, the effectiveness depends heavily on enforcement mechanisms and labour market conditions. Moreover, external

shocks like COVID-19 can significantly undermine these efforts by exposing the weaknesses in the labour system

METHODOLOGY

Philosophical assumption

The philosophical assumption of this study was interpretivist assumption which emphasizes on understanding human experiences and social phenomena from the perspective of the participants. This assumption believes that humans can observe the truth and this truth can be interpreted different from context to context (Creswell, 2021). Interpretivist focuses more on understanding a specific case under discussion rather than generalizing the findings of one specific case to mean the overall truth (Saunders, 2019). Interpretivist contends that reality is subjective and socially constructed and it is best understood through peoples' lived experiences and interactions. The ontological assumption of the study is nominalist ontology. This assumption assumes that reality is subjective and has multiple meaning from one participant to another (Creswell, 2018) and the epistemological assumption of the study is humanist. This aims at obtaining phenomenological insight and understanding how social reality is constructed as well as understanding the patterns of symbolic discourse.

Research design

The research design for this study was qualitative, exploratory in nature, aiming to explore the subjective experiences and meanings that domestic workers attach to their daily lives, particularly in relation to the effects of the minimum wage. The goal of the qualitative method was not to generate but to gain deep insights into the personal, social and emotional aspects of workers' engagement with the minimum wage law.

Research approach

The research approach for this study was hermeneutic phenomenology. Hermeneutic phenomenology was chosen as it was the most appropriate qualitative research design that seeks to explore and interpret lived experiences by exploring the interpretative dimensions of human existence, offering profound insights into how meaning was constructed and understood in diverse context. This approach was particularly suitable for exploring how domestic workers make sense of their lived experiences regarding the effects of the minimum wage in Zambia.

Sample Size

A total of twenty-two (22) female participants made up the sample size at saturation point. The researcher stopped sampling with participate number 22 when no new data was coming forth and this meant the saturation point was reached. These participants came from four (4) townships of Lusaka namely; Garden Chilulu, Kanyama, Chawama and Kalingalinga.

Sampling Technique

The study used both snowball and criterion sampling which are types of homogenous purposive sampling to sample the 22 participants in this study. The application of criterion purposive sampling and snowball sampling in this study was to select participants who provided rich and relevant data for the research questions and have similar characteristics to delve deeply into specific shared experiences of domestic workers. In short, in criterion sampling, participants are selected because they meet a specific predefined criterion set by the researcher and these were domestic workers working in private homes within Lusaka and had a minimum of six months working experience. The researcher chose snowball sampling because it is highly effective method for conducting a qualitative research on lived experiences of domestic workers especially that these workers work in isolated private homes which makes access to them difficult.

Data Analysis

The data was analyzed using the reflexive thematic analysis method which allows researchers to systematically

identify, organize, analyze and report patterns within a complex data set.

RESEARCH FINDINGS

Participants were asked to describe the perceived effects of the minimum wage and the general response showed that the minimum wage policy had limited or no effect on the economic welfare of domestic workers. No significant effect was a common response as the minimum wage policy lack enforcements and therefore, had limited real effect. Other domestic workers noted that on the other hand, the minimum wage policy gave a positive benchmark for negotiation as it acted as a starting point for salary negotiations. Moreover, others reported that the minimum wage had negative effects as their employers had stopped increasing their salaries especially the few that were paid above the minimum wage of K 1,300.

Chilufya, a 24-year-old with 18 months of experience and got paid K700 per month narrated her story that the policy had no real effect as it was just good on paper with no real enforcements from the government.

On the effect of the minimum wage policy, personally, I see no effect of the minimum wage policy because in my case poverty continues (perpetual poverty) with no hope of coming out of it. I can only feel the impact if my personal or home economy improves. The Government has put it on paper but it seems employers are not adhering to it so it has no effect (Chilufya, 23/03/2024)

The story was similar to Chiyenzi, the 15year old living-in maid who shared her story with tears in her eyes saying, she did not know, saw or felt the effects of the K1300.00 thresholds.

My comment on the minimum wage and its effect is that it has negative or no effect at all as my salary remains too low. I cannot send more money back home to help with my young siblings because I am paid less (Chiyenzi, 23/03/2024)

Chikwela is a 50-year-old married woman with 5 children who got K2,000.00 per month as a salary. She was the oldest participant with 28 years of experience with different employers. Despite her salary being more than the stipulated minimum wage of K1,300.00, she still lamented how her current pay was not sustaining her life and family needs. Therefore, she saw the minimum wage policy as a bad law as her employer has stopped increasing her salary.

What I have to say on the minimum wage policy of K1300.00 is that it is a bad law for me with negative effects in that my boss has stopped increasing my salary saying ..." I am already above the minimum wage" and I feel static with no pay rise because I am already above the stipulated wage, it seems my boss does not understand the meaning of "minimum" (Chikwela, 24/03/2024)

Chifita is a 32-year-old divorced woman with 2 children. She had 16years of experience with 8 employers and had one child. Her comment on the stipulated minimum wage of K1,300.00 and its perceived effects was that it had a negative effect as her current employer had refused to increase her salary beyond K1,500.00 saying she was already above the minimum wage.

My comment on the minimum wage policy of K1,300.00 is that my boss needs to be taught on the meaning of minimum because she has refused to talk of increments saying she is already doing that. So it has hindered my progress, sometimes I wish there was no minimum so that I negotiate my salary upwards myself. For now, its effects are negative. (Chifita, 23/03/2024)

Kalipe, a 45-year-old single mother of 6 children described her situation as tough. Her comment on the effect of the Government declared minimum wage of K1,300.00 was that it had no meaning as long as it was not implemented. It would have given the domestic workers some leverage in bargaining for their salaries but employers were not obeying the same law.

My comment of the effect of K1,300.00 as a minimum wage is that it helps in bargaining for a salary although my boss is failing to implement it, so it has no meaning to me. She is taking advantage of my lack of education

status and not adhere to the policy (Kalipe, 30/03/2024)

Kampamba the 35year old divorced lady with one child commented that the K1,300.00 minimum wage was a good law although she does not see the effects at an individual level.

The minimum wage policy of K1,300.00 has no much effect on my part despite it being a good law for us in that employers are still paying what they think in their head and not what the law stipulates. So for me, the effect is zero (Kampamba, 30/03/2024)

Katuntwa, a 30-year-old single mother with one child said that the stipulated minimum wage had no impact and its use was not felt as her salary remained lower than K1,300.00.

My comment on the minimum wage of K1,300.00 is that I feel it has zero effects as poverty levels are still high as things are expensive in this economy and my salary is still low. Being a good policy it is but my boss does not obey it so, what is its use? (Katuntwa, 30/03/2024)

Kalife, a 26years old single mother of 1 child had 4years of experience with 3 different employers. She narrated how the effect of the minimum wage had affected her negatively as her employer had reduced her pay from the initial K1,800.00 to K1,300.00.

My comment on the minimum wage is that it helps one to have a starting point in negotiations of his or her salary. It is however, misleading to others like me in that I have been with my current employer for 2year 2months now and my salary when I just started work was k1800. This year my boss called me for a discussion where she informed me that she pays more the government's minimum wage of K1300.00, so she reduced my salary from K1800.00 to K1300.00 and this depressed me until now (Kalife, 31/03/2024)

DISCUSSION OF FINDINGS

The study revealed a paradoxical impact of **minimum wage policies** on the economic welfare of domestic workers, highlighting three primary effects: **(1) no real effect due to non-compliance, (2) negative consequences such as wage stagnation or workload intensification, and (3) serving as a positive benchmark for salary negotiations.** Most participants indicated that the minimum wage effects were zero on their lives as their monthly income and their financial status did not change despite having the policy in place. Moreover, the International Labour Organization also found mixed effects of minimum wage in developing countries. Wage increased for some domestic workers while others faced reduced employment opportunities (ILO, 2021). According to the Jesuit Centre of Theoretical Reflection (JCTR), the Basic Needs and Nutrition Basket (BNNB) for the family of five (5) for the month of January, 2025 in Lusaka is K10,800.56 (Lukwesa, 2025) and this is against the minimum wage of K1,300.00 as a salary for domestic workers per month. This is in line with International Labour Organization's report that there is no real effect of the minimum wage on domestic workers in Lusaka as it lacks enforcement (ILO, 2023).

According to a study by (Otieno, 2022) on employment effects of increment of minimum wage for domestic workers in Kenya, it was observed that minimum wage has a negative effect as some employers stop increasing the salary for domestic workers especially if they already pay above the minimum wage. Employers therefor, turn to experience static salaries despite the cost of living changing upwards. This also agrees with (Chikwiba, 2019) who did a study in Zambia and it was reported that the effects of minimum wage if non-existence as it is only on paper and the real beneficiaries do not feel its presence due to poor enforcement by the ministry of labour and social security.

Furthermore, a study done by (ZIPAR, 2023) revealed that whenever minimum wage increases, the firms reduce labour for cheaper factors of production like capital. However, the story is different when it comes to domestic labour. While others reduce on their domestic staff due to wage increment, most employers maintained their domestic work due to their uniqueness of the sector where domestic staff is needed to duties like taking care of children and cannot be substituted.

These findings also align with existing labor market theories, particularly **Dual Labor Market Theory**

(Doeringer & Piore, 1971) and the **Institutional Theory of Wage Determination** (Phelps Brown, 1977), which provide a critical lens for understanding the dynamics of minimum wage implementation in Zambia's domestic work sector.

1. Dual Labor Market Theory: The Informality Trap

The **Dual Labor Market Theory** suggests that labor markets are divided into two distinct segments: **the primary sector, characterized by stable employment, high wages, and strong legal protections**, and **the secondary sector, where jobs are informal, low-paid, and lack security**. Domestic work, as highlighted in this study, falls into the **secondary labor market**, where workers face precarious conditions, weak enforcement of wage laws, and limited bargaining power.

The study found that many domestic workers **did not experience any tangible benefits from the minimum wage policy** due to **non-compliance and informal employment relationships**. Employers in the domestic work sector, often constrained by their own financial limitations, **fail to adhere to legal wage standards, reinforcing the informality of the sector**. This aligns with the **secondary labor market characteristics**, where wages are not set by institutional regulations but rather by informal negotiations and employer discretion.

Furthermore, the theory explains why **some domestic workers face job instability or wage reductions** following a minimum wage adjustment. Employers, unwilling or unable to comply with higher wages, may respond by:

- **Reducing domestic workers' salaries (if initially above the minimum wage)**
- **Cutting working hours to offset higher wage costs**
- **Increasing workload instead of increasing pay**

These reactions mirror findings in **other developing economies**, where labor market segmentation leads to **persistent wage suppression and job insecurity** among informal workers (Yeboah, 2023). Thus, the **informal and unregulated nature of domestic work perpetuates economic vulnerability despite minimum wage regulations**.

2. Institutional Theory of Wage Determination: The Role of Enforcement and Social Protections

The **Institutional Theory of Wage Determination** argues that wages are not solely determined by market forces but are **shaped by institutional structures, including labor laws, government policies, and collective bargaining mechanisms**. This perspective is crucial in understanding why the **minimum wage policy in Zambia remains ineffective for many domestic workers**.

The study highlighted **three key institutional weaknesses**:

1. **Weak enforcement mechanisms** – Domestic workers reported that **minimum wage laws exist only on paper**, with little government oversight to ensure compliance. This aligns with the **Institutional Theory**, which posits that wage regulations require **effective monitoring and enforcement** to have a meaningful impact.
2. **Lack of formal contracts** – Many domestic workers **work informally, without contracts or legal protections**, making it difficult for them to demand fair wages. The absence of formal labor institutions in the domestic work sector **undermines the intended impact of minimum wage policies**.
- **Low awareness among workers and employers** – Institutional failures extend to **a lack of awareness campaigns and legal literacy programs**, leaving domestic workers **unaware of their rights** and employers **unaware of their obligations**.

The **Institutional Theory** emphasizes the need for **stronger institutional frameworks** to make minimum wage policies effective. In line with this theory, the study's findings suggest that for minimum wage policies to

translate into actual economic benefits for domestic workers, the following institutional reforms are necessary:

- **Stronger enforcement through government labor inspections and penalties for non-compliant employers**
- **Mandatory employment contracts for domestic workers to formalize their labor conditions**
- **Awareness campaigns to educate both workers and employers on wage laws and labor rights**
- **Integration of domestic workers into social protection schemes, such as pension plans and health insurance**

3. Reconciling the Theories: Bridging Informality and Institutional Gaps

The combination of **Dual Labor Market Theory** and **Institutional Theory of Wage Determination** provides a nuanced understanding of why **minimum wage policies fail to uplift domestic workers in Zambia**. The **secondary labor market characteristics** of domestic work is marked by informality, low job security, and employer discretion which makes it difficult for wage regulations to have a tangible impact. At the same time, weak institutional frameworks **fail to enforce compliance, perpetuating economic insecurity among domestic workers**.

The findings support the idea that **minimum wage policies can serve as a benchmark for salary negotiations** but require institutional strengthening to be effective. While some domestic workers benefited from the **symbolic value of the minimum wage in bargaining for higher pay**, the overall impact remains limited **without regulatory oversight and labor protections**.

CONCLUSION

This study explored the effects of minimum wage policies on the economic welfare of domestic workers in Zambia through a hermeneutic phenomenological approach. The findings revealed that while minimum wage laws exist, their impact remains largely limited due to weak enforcement, informal employment arrangements, and employer non-compliance. In some cases, the policy led to negative consequences, such as wage reductions, increased workloads, or reduced working hours as employers adjusted to the legal requirements. However, the study also identified a positive aspect of the minimum wage policy, as it provided a benchmark for salary negotiations, empowering some domestic workers to demand fairer compensation. Applying the Dual Labor Market Theory (Doeringer & Piore, 1971), the study highlighted how domestic workers remain trapped in the secondary labor market, characterized by informality, low wages, and a lack of legal protections. The Institutional Theory of Wage Determination (Phelps Brown, 1977) further emphasized the crucial role of enforcement mechanisms and regulatory frameworks in ensuring that wage policies translate into meaningful economic benefits. The study confirms that without strong institutional interventions, minimum wage policies remain ineffective in improving domestic workers' livelihoods. To address these challenges, the study recommends strengthening enforcement mechanisms, formalizing domestic work, increasing public awareness of labor rights, and integrating domestic workers into social protection schemes. These measures would bridge the gap between policy and practice, ensuring that minimum wage policies not only exist on paper but also contribute to the economic empowerment of domestic workers in Zambia. Future research should expand the scope to include comparative analyses with other informal labor sectors, examining best practices from countries with stronger enforcement mechanisms. Additionally, further studies could explore the long-term socio-economic impacts of wage policies on domestic workers' quality of life. Addressing these knowledge gaps will be essential for designing more effective labor policies that uplift vulnerable workers and promote inclusive economic growth.

RECOMMENDATIONS

1. **Strengthening Enforcement Mechanisms.** The Zambian government, through the Ministry of Labour and Social Security, should enhance enforcement of minimum wage policies by increasing inspections,

imposing stricter penalties for non-compliance, and introducing digital reporting platforms for domestic workers to report violations.

2. Formalization of Domestic Work. Policies should be introduced to encourage formal employment contracts for domestic workers, ensuring that their rights are legally protected. Employers should be required to register their domestic employees, and tax incentives could be offered to those who comply with minimum wage laws.
3. Public Awareness and Education Campaigns. Government agencies, trade unions, and NGOs should conduct nationwide awareness campaigns to educate both employers and domestic workers about minimum wage policies, their rights, and the importance of compliance. Training programs should also be provided to domestic workers to improve their bargaining power.
4. Implementation of Social Protection Programs. Domestic workers should be included in national social protection schemes, such as pension plans, health insurance, and unemployment benefits. The government should work towards policies that extend these benefits to informal sector workers, ensuring financial security and improved welfare.

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