



Received: 17-11-2025
Accepted: 27-12-2025

International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

Examining The Effects of Minimum Wage Policy on Employment. A Case Study of Domestic Workers in Ndola

¹ Chilufya Mwansa, ² Chisala C Bwalya

^{1,2} Department of Humanities and Social Sciences, Information and Communication University, Lusaka, Zambia

Corresponding Author: Chilufya Mwansa

Abstract

The impact of minimum wage policy on employment remains a topic of considerable debate, particularly within vulnerable sectors such as domestic work. This study is motivated by the need to understand how recent minimum wage adjustments in Zambia have affected employment patterns among domestic workers in Ndola. Domestic workers play a crucial role in the urban economy, and changes in their employment conditions due to wage regulations could have far-reaching implications for both workers and employers. The purpose of this research is to provide a comprehensive analysis of the effects of minimum wage policy on employment, disposable income, purchasing power, and poverty levels among domestic workers in Ndola. A mixed-methods approach was employed, combining both qualitative and quantitative research methods. Data were collected through surveys administered to a representative sample of domestic workers and their employers in Ndola, along with in-depth interviews with key stakeholders, including labor officials. Secondary data analysis was also conducted using existing employment records and government reports. Preliminary results suggest

that while higher minimum wages have led to improved disposable income and purchasing power for domestic workers, they have also increased labor costs for employers. For instance, **54.67%** of domestic workers reported spending more than half of their income on essential needs, reflecting the critical role of minimum wage adjustments in meeting basic living costs. However, these wage increases have also led some employers to adjust working conditions: **21.33%** of employers reported reducing working hours or increasing workloads as a strategy to manage higher labor costs. These findings indicate a complex dynamic where the benefits of higher wages for workers must be balanced against potential reductions in employment opportunities and increased financial strain on employers. The implications of this study are significant for designing balanced wage policies that promote fair compensation without compromising employment levels and economic stability. The research aims to inform and, contribute to the broader discourse on labor market regulations, poverty reduction, and economic inclusion in Zambia.

Keywords: Minimum Wage, Employment, Domestic Workers, Disposable Income, Purchasing Power, Poverty Reduction, Labor Market

1. Introduction

Minimum wage policies are essential instruments employed by governments globally to ensure fair compensation and alleviate poverty among low-income workers. However, the impact of these policies on employment levels, particularly among domestic workers, remains a topic of significant debate. According to Borjas (2019) [8], minimum wage policies are widely regarded as essential tools to protect low-wage workers from exploitation and ensure that they receive compensation adequate to meet their basic needs. These policies set a legal wage floor that employers must adhere to, but the extent to which they achieve their goals varies depending on the sector and country-specific conditions. In the case of domestic workers, who often fall under the most vulnerable category of employees due to informal working conditions and limited legal protection, the effects of minimum wage adjustments are particularly significant and require thorough examination.

Reich (2019) notes that the primary objective of minimum wage policy is to increase the income of low-wage workers, thereby improving their overall economic well-being. In Zambia, recent efforts to adjust the minimum wage have aimed to address inflationary pressures and rising living costs. The 2018 wage increase, which raised the wages of domestic workers by up to 48%, sought to improve their living standards and provide them with disposable income that could better support their

households (Ministry of Labour and Social Security, 2018) [34]. However, while this wage adjustment was intended to uplift low-wage workers, it also introduced concerns about how employers, especially households employing domestic workers, would cope with the higher wage bill.

Case studies from other countries offer valuable insights into the potential consequences of minimum wage policies for domestic workers. In South Africa, Bhorat *et al.* (2014) conducted a study examining the impact of sectoral minimum wage legislation on domestic workers. The results indicated that while wages increased substantially, many employers responded by reducing the number of working hours or dismissing some workers to manage the rising labor costs.

Research conducted in Kenya, another sub-Saharan African country, found that significant wage increases in the domestic work sector led to reduced employment, with some households opting to share domestic workers to minimize labor costs (ILO, 2017). This highlights the importance of understanding how wage policy affects not only income levels but also employment patterns in domestic work.

The purchasing power of domestic workers is another critical area of concern. Purchasing power refers to the real value of wages in terms of the goods and services that can be bought (Card & Krueger, 1994). For example, in Indonesia, the SMERU Research Institute (2011) [43] found that despite substantial minimum wage increases, domestic workers did not experience a significant improvement in their purchasing power due to concurrent price increases for essential goods. In Zambia, the cost of living in urban areas such as Ndola has been rising, which raises the question of whether the recent wage hikes will translate into real improvements in the living standards of domestic workers.

Another factor to consider is the relationship between minimum wage policy and poverty alleviation. The World Bank (2020) [46] defines poverty as the inability to meet basic needs, and minimum wage policies are often seen as a way to lift low-income workers out of poverty. However, the actual impact of wage increases on poverty levels can be mixed. The dual impact of these policies suggests that while domestic workers may initially benefit from higher wages, the long-term impact on poverty reduction depends on broader economic factors, such as job availability and wage compliance.

Enforcement of minimum wage laws plays a crucial role in determining their success. According to the ILO (2018) [21], weak enforcement can lead to non-compliance, especially in sectors where informal employment is common. Domestic work, by its nature, is often characterized by informal arrangements, which makes it difficult to ensure that all employers comply with wage regulations. In Nigeria, for example, research found that despite official minimum wage laws, many domestic workers continued to receive wages below the legal minimum due to poor enforcement and lack of awareness among employers (Agboli, 2019).

The role of informal employment in shaping the outcomes of minimum wage policy cannot be overlooked. Many domestic workers operate in informal settings, without formal contracts or legal protections. Studies conducted in India and the Philippines have shown that minimum wage policies often fail to reach workers in the informal economy, resulting in limited improvements in their economic well-being (Lund, 2019). In Zambia, the informal nature of domestic work poses significant challenges to the

implementation and enforcement of wage policies, potentially limiting their effectiveness in improving the living standards of workers. It is against this background that this study seeks to add to the existing literature and bridge the gap by examining the effects of minimum wage policy on employment and the economic well-being of domestic workers; with respect to domestic workers in Ndola district.

1.1 Objectives

1.1.1 General Objective

To examine the effects of minimum wage policy on employment and the economic well-being of domestic workers in Ndola.

1.1.2 Specific Objectives

1. To analyze the effects of minimum wage adjustments on household disposable income among domestic workers.
2. To examine the effects of minimum wage policy on the purchasing power of households of domestic workers.
3. To analyze the effects of minimum wage policy on the poverty situation of domestic workers.

1.2 Conceptual Framework

This shows the diagrammatic depiction of the relationship between minimum wage adjustments with household disposable income among domestic workers, purchasing power of households of domestic workers and the poverty situation of households employing domestic workers.



Source: Researcher

Fig 1:

The conceptual framework depicted in Figure 1.1 shows the relationship between minimum wage adjustments and their socio-economic effects on both domestic workers and the households that employ them. Minimum Wage Adjustments (Independent Variable):

This represents changes made by the government or relevant authorities to increase or regulate the minimum wage for domestic workers. Such adjustments are intended to ensure fair pay and improve workers' living standards. When the minimum wage increases, domestic workers' disposable income the amount they have left after taxes and essential expenses also increases. This extra income may enhance their ability to meet basic needs and save for emergencies. On the other hand, higher minimum wages increase the cost of employing domestic workers. For employers, this may lead to financial strain, especially for middle- or lower-income households.

With higher disposable income, domestic workers can purchase more goods and services, thereby improving their living standards and economic security. This can also stimulate local economic activity. For households that employ domestic workers, higher wage costs may reduce their disposable income, potentially increase their risk of financial hardship or lead them to reduce employment or working hours of domestic help. The combined effects of wage adjustments influence the broader economy potentially reducing poverty among domestic workers but also creating new challenges for employing households. The overall welfare depends on whether the income gains for workers outweigh the costs borne by employers. In summary, the framework shows a two-sided socioeconomic impact of minimum wage adjustments.

2. Literature Review

2.1 Effects of Minimum Wage on Household Disposable Income

The relationship between minimum wage policies and household disposable income is a subject of extensive research across different economic contexts. Disposable income refers to the amount of income that remains after taxes and mandatory deductions, which can be used for household consumption or savings. In the context of low-income workers, such as domestic workers, any increase in their wages through minimum wage policies is expected to raise their disposable income, allowing them to meet essential needs and improve their standard of living (Reich, 2019). However, the actual impact of wage adjustments on disposable income depends on several factors, including wage compliance, enforcement mechanisms, and the potential responses of employers to higher labor costs. Borjas (2019) ^[8] suggests that in theory, a higher minimum wage should directly lead to an increase in workers' disposable income, especially for those in low-paying jobs such as domestic work. By raising the wage floor, governments aim to ensure that workers receive a minimum level of compensation that allows them to cover basic living expenses. However, in practice, the impact of minimum wage policies on disposable income can be complex, especially in sectors like domestic work, where informal employment and weak labor protections are common.

A study conducted in South Africa by Bhorat *et al.* (2014) provides relevant insights into how minimum wage policies affect household disposable income in the domestic work sector. In their analysis of the impact of sectoral minimum wage legislation for domestic workers, they found that wage increases led to significant improvements in workers' reported income levels. However, they also observed that in some cases, employers reduced working hours to compensate for the higher wage costs, which limited the overall impact on disposable income. This finding highlights a critical issue: while wage increases can raise nominal incomes, the overall effect on disposable income may be constrained if employers respond by cutting hours or offering fewer benefits.

In countries where labor market enforcement is weak, employers may not fully comply with wage laws, resulting in lower-than-expected wage gains for workers. The International Labour Organization (ILO, 2018) ^[21] has emphasized that compliance with minimum wage laws is particularly challenging in sectors like domestic work, where informal employment arrangements are common. In

Zambia, where domestic workers often lack formal contracts and labor protections, wage enforcement mechanisms may be insufficient to ensure that all workers receive the legal minimum wage.

A case study from Indonesia offers additional insights into how minimum wage policies can impact household disposable income, particularly for low-wage workers like domestic workers. The SMERU Research Institute (2011) ^[43] conducted an extensive study on the effects of minimum wage increases on various sectors, including domestic work. The findings revealed that while the minimum wage increases led to nominal wage growth, many employers responded by offering fewer working hours to mitigate the rise in labor costs. As a result, the expected improvement in disposable income for domestic workers was limited. This is a common outcome in sectors where employers have limited resources to absorb wage increases, suggesting that while minimum wage laws may raise hourly wages, they do not always lead to significant improvements in overall income if hours worked are reduced.

Similar dynamics were observed in Tanzania, where wage compliance issues also limited the effectiveness of minimum wage policies in raising disposable income. A study by Mussa *et al.* (2014) found that while the Tanzanian government implemented substantial wage hikes, especially in urban areas, many domestic workers continued to earn below the legal minimum due to informal employment arrangements and weak enforcement. As a result, the anticipated improvements in household disposable income were not fully realized, particularly in sectors like domestic work, where informality is prevalent. This case underscores the importance of strong enforcement mechanisms to ensure that wage policies translate into actual financial gains for low-wage workers.

2.2 Effects of Minimum Wage on Household Purchasing Power

Household purchasing power refers to the ability of individuals or households to purchase goods and services with their available income. Minimum wage policies are often introduced with the aim of enhancing purchasing power by increasing the income of low-wage workers. However, the extent to which a minimum wage increase translates into improved purchasing power is influenced by factors such as inflation, market responses, and the broader economic environment. In particular, the relationship between wage increases and purchasing power is complex in sectors such as domestic work, where wage adjustments may not immediately or uniformly improve workers' ability to afford essential goods and services.

According to Gindling and Terrell (2007), in many developing economies, wage increases tend to be followed by inflationary pressures, as businesses pass on the additional costs of higher wages to consumers by raising prices. This price increase can offset the benefits of higher wages, effectively limiting any real improvement in purchasing power. In Honduras, where domestic work is a common source of employment, Gindling and Terrell found that while minimum wage hikes initially boosted incomes, rising inflation eroded workers' ability to purchase basic goods. This highlights the importance of considering inflation as a key determinant of the real gains in purchasing power following wage adjustments.

In Vietnam, the effects of minimum wage policies on purchasing power were particularly evident in urban households that employed domestic workers. A study by Nguyen *et al.* (2017) examined how wage increases influenced household consumption patterns. The researchers found that while nominal wages increased, there was no corresponding significant improvement in purchasing power. This finding suggests that wage increases, in isolation, may have limited effects on improving household purchasing power if not supported by policies addressing the cost of living.

Another critical factor influencing the relationship between wage increases and purchasing power is market segmentation. In Ethiopia, Desta (2012) explored how minimum wage policies affected different segments of the labor market, particularly informal sectors like domestic work. His research showed that while formal sector workers saw notable improvements in their purchasing power due to wage increases, workers in the informal economy, such as domestic workers, often did not experience the same benefits. The lack of formal wage enforcement meant that many domestic workers continued to receive lower wages than legally mandated, thus seeing no improvement in their ability to purchase goods and services. This case points to the disparity between formal and informal employment sectors in terms of how wage policies impact purchasing power, emphasizing the need for targeted interventions in the informal economy.

In Sri Lanka, Samarasinghe (2019) explored how minimum wage hikes affected household budgets and purchasing power, particularly for low-wage workers in the informal economy, including domestic workers. The study found that while wage increases provided a temporary boost in income, the rapid rise in rent and transport costs in urban areas quickly eroded these gains. Many workers reported that their purchasing power did not improve significantly because the cost of living increased at a pace similar to their wage increments. This case demonstrates that in urbanized settings, wage increases alone may not be sufficient to enhance household purchasing power unless accompanied by policies aimed at stabilizing essential costs, such as housing and transportation.

2.3 Effects of Minimum Wage on Household Poverty Situation

One of the key objectives of minimum wage policies is to reduce poverty by ensuring that low-wage workers, such as domestic workers, earn a sufficient income to meet their basic needs. Poverty is typically measured by the ability of individuals or households to afford essential goods and services, such as food, housing, healthcare, and education. By raising the income floor, minimum wage policies aim to lift workers out of poverty, improving their economic well-being. However, the effectiveness of minimum wage increases in reducing poverty depends on several factors, including wage compliance, inflation, employment stability, and the broader economic environment.

A foundational study by Freeman (1996) suggests that minimum wage increases can reduce poverty by boosting the incomes of low-wage workers, provided that the wage floor is set above the poverty line. Freeman's research showed that in economies where minimum wages are high enough to cover basic living costs, poverty rates tend to

decline among low-income workers. This logic forms the basis for minimum wage policies worldwide, including in Zambia, where domestic workers are often among the poorest segments of society. However, the degree to which minimum wages can effectively reduce poverty depends on whether these wages are sufficient to raise household income above the poverty threshold.

According to Bhorat *et al.* (2014), South Africa's introduction of a sector-specific minimum wage for domestic workers led to improved earnings for this group, but the overall effect on poverty reduction was limited. The study found that while wages increased, many households employing domestic workers reduced their workforce or shifted to part-time employment arrangements to cope with higher labor costs. As a result, the net gain in income for many domestic workers was lower than anticipated, and poverty reduction outcomes were mixed. This example underscores the risk that minimum wage increases may not lead to significant poverty reduction if employers respond by reducing employment opportunities.

In Indonesia, research by Pratomo (2015) revealed that minimum wage increases had a positive but limited effect on poverty reduction. The study found that while the higher wages helped reduce the depth of poverty among low-wage workers, including domestic workers, the increases were not large enough to lift a significant number of households above the poverty line.

In India, a different dynamic was observed. A study by Ghosh (2015) on the impact of minimum wage policies in the domestic work sector found that wage increases had little effect on household poverty levels. The research indicated that while nominal wages increased, the high cost of living in urban areas and widespread non-compliance with wage regulations prevented the majority of domestic workers from experiencing any real financial improvement. Ghosh argued that without strict enforcement of wage laws and measures to control inflation, minimum wage policies are unlikely to significantly reduce poverty in the domestic work sector. This highlights the importance of both enforcement and economic stability in achieving poverty reduction through wage policies.

In Kenya, minimum wage policies had a more pronounced impact on poverty reduction, especially in urban areas. A study by Wambugu *et al.* (2014) found that wage increases for domestic workers contributed to a notable reduction in poverty levels in Nairobi, where enforcement of wage laws was relatively strong. However, the study also pointed out that in rural areas, where compliance with minimum wage laws was weaker, the impact on poverty was minimal. This geographic disparity highlights the need for consistent enforcement across regions to ensure that wage increases reach all workers and contribute to meaningful poverty alleviation.

A study by Abella and Ducanes (2014) found that minimum wage increases had a mixed impact on poverty reduction. While wages increased, the additional income was often remitted to rural areas to support family members, limiting the immediate benefits for the workers themselves. This practice of sending remittances meant that while household poverty in rural areas improved, the domestic workers continued to live in near-poverty conditions in urban centers due to the high cost of living.

2.4 Literature Gap

While there is substantial research examining the effects of minimum wage policies on disposable income, purchasing power, and poverty, several critical gaps and limitations remain in the existing literature. Much of the research, particularly in developing countries, focuses on general labor markets, often overlooking the specific conditions of sectors like domestic work, where wage compliance is often lower, and informal employment is rampant. The domestic work sector is uniquely vulnerable due to its informal nature, lack of regulatory oversight, and the fact that many domestic workers live in their employers' homes, making their conditions more difficult to monitor. This gap suggests the need for more targeted research on how minimum wage policies specifically affect domestic workers, particularly in African contexts like Zambia.

Another research gap relates to the informality of employment in domestic work. As highlighted by the International Labour Organization (ILO, 2018) ^[21], much of the existing research on minimum wage policies does not account for the high levels of informality that characterize sectors like domestic work. In many cases, domestic workers operate outside of formal labor regulations, which means that they may not fully benefit from legal wage increases.

Additionally, inflationary impacts of wage increase on the cost of living, particularly for essential goods and services, are often not sufficiently addressed in the existing literature. Studies like those by Gindling and Terrell (2007) and Esquivel (2017) acknowledge that inflation can erode the real purchasing power of wage increases, but they often fail to propose solutions or policy responses that could mitigate these effects. There is a clear need for more research on how inflation-targeted policies, such as price controls on essential goods or subsidies for low-income households, can complement minimum wage policies to ensure that wage increases translate into real improvements in living standards. This gap is particularly relevant in developing economies like Zambia, where inflation can fluctuate significantly, and the cost of living may rise rapidly in response to wage hikes.

3. Research Methods

The basic research design employed in this study is descriptive design, as such it follows a mixed-methods approach, incorporating both quantitative and qualitative methods. This approach allows for a thorough analysis of the effects of minimum wage policy on disposable income, purchasing power, and poverty among domestic workers. According to Creswell (2014), mixed-methods research combines numerical data with contextual insights, offering a robust framework for addressing complex research questions. The researcher used a survey and field research to gather quantitative and qualitative data respectively.

3.1 Target Population

Population is basically the universe of unit from which the sample is to be selected. According to Babbie (1992) a study population is the aggregation of element from which the sample elements actually selected. The target population for this study consists of domestic workers and their employers in Ndola. Domestic workers include both live-in and live-out workers, many of whom are employed in households across various income brackets. According to local labor

statistics, Ndola has a significant number of domestic workers due to its urban population and economic activity.

3.2 Sampling Design

For this study, the researcher will employ stratified random sampling to ensure that different subgroups within the target population are adequately represented.

3.3 Sample Size Determination

Sample size refers to the number of items to be selected from the universe to constitute the sample, and this answers how many sampling units should be surveyed and interviewed, (Kothari 1990). However, to effectively address the research objectives, a sample size of 75 respondents was determined. The sample size was chosen based on practical considerations such as time, resources, and the need for a representative yet manageable group of respondents. According to Cochran (1977), determining an appropriate sample size ensures that the data collected will be statistically significant and representative of the larger population.

3.4 Data Collection Methods

The main instruments for data collection was interview guide and a structured questionnaire with both closed and open-ended questions. The structured questionnaire was designed to gather quantitative data on household disposable income, purchasing power, and poverty among domestic workers. It includes demographic questions, Likert-scale items, and multiple-choice questions to measure respondents' financial experiences, wage satisfaction, and the perceived impact of minimum wage policies on their economic well-being. The semi-structured interview guide is used to collect qualitative data through interviews with domestic workers, and employers. This guide includes open-ended questions that allow for an in-depth exploration of participants' views on how wage policies have affected their lives.

3.5 Data Analysis

3.5.1 Qualitative Analysis

The researcher will use thematic analysis as it looks at patterns of meaning in a data set. Thematic analysis takes bodies of data and groups them according to similarities in other words, themes. These themes help us make sense of the content and derive meaning from it.

3.5.2 Quantitative Analysis

Quantitative data collected through structured questionnaires analyzed using statistical software such as SPSS. Descriptive statistics, including means, frequencies, and standard deviations, employed to summarize data on household income, expenses, and wage satisfaction. Additionally, inferential statistics such as correlation and regression analysis used to examine the relationships between minimum wage increases and household financial outcomes, such as changes in disposable income and purchasing power (Field, 2013).

4. Findings and Results

4.1 Characteristics of Respondents (Bio Data)

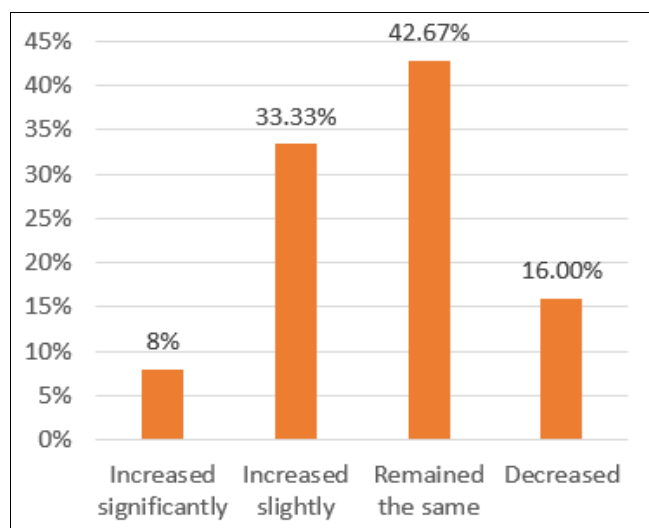
This study involved a total of 75 domestic workers from Ndola, whose demographic and socio-economic profiles provide important context for understanding the impact of the minimum wage policy on employment within this group.

The age distribution of respondents shows that the majority were relatively young, with 34.67% falling within the 26 to 35 years age bracket. This age spread suggests that domestic work in Ndola attracts a predominantly young workforce, which may have implications for both job stability and the effects of wage changes on livelihood. Gender-wise, the sector remains largely female-dominated, with 62.67% of respondents being women and only 37.33% men. This aligns with common trends in domestic work globally, reflecting traditional gender roles in care and household labor.

Regarding educational background, most domestic workers had attained some level of formal education. Nearly half of the respondents (44%) had completed primary school, while 20% had secondary education. Employment status revealed that 58.67% are live-in domestic workers while, 41.33% work as live-out domestic workers. This distinction may be critical for analyzing how minimum wage policies impact these two groups differently, considering their distinct living arrangements and potential job security.

Experience in domestic work varied, with the largest group (41.33%) having between 3 and 5 years of experience. Before the introduction of the minimum wage policy, the majority of respondents earned below ZMW 1000 per month. Finally, awareness of the minimum wage policy was relatively low. The majority (60%) were unaware of the policy, suggesting that information dissemination about workers' rights remains a challenge in this sector.

4.2 To establish the effects of minimum wage adjustment on household disposable income among domestic workers



Source: Primary Data

Fig 1.1: Since the minimum wage adjustment, has your household disposable income

According to the researcher's findings, the majority of domestic workers have seen minimal changes in household disposable income following the recent minimum wage adjustment. These results suggest that while the minimum wage policy aims to boost income, its effects on disposable income have been limited for most workers, possibly due to rising living costs or fixed expenses.

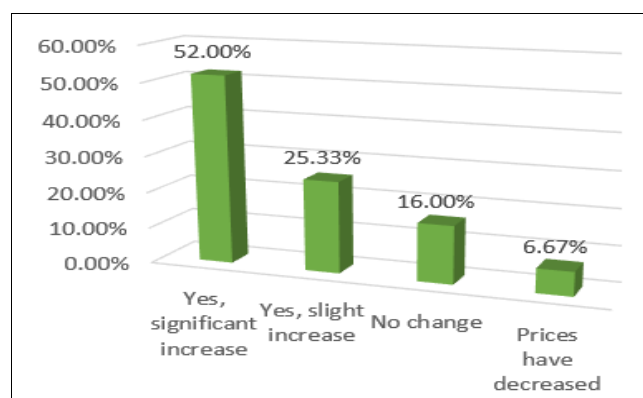
Table 1.1: Since the implementation of the latest minimum wage adjustment, by approximately how much did your monthly income change (in amount)

Variable	Obs	Mean	SD	Minimum (Min)	Maximum (Max)
Income Changes	75	128.67	239.25	0	1000

Source: Primary Data

Table 1.1 provides insights into income changes following the recent minimum wage adjustment. On average, domestic workers reported an increase of 128.67 ZMK in their monthly income, with a standard deviation of 239.25 ZMK. However, changes ranged from 0 ZMK to a maximum increase of 1000 ZMK.

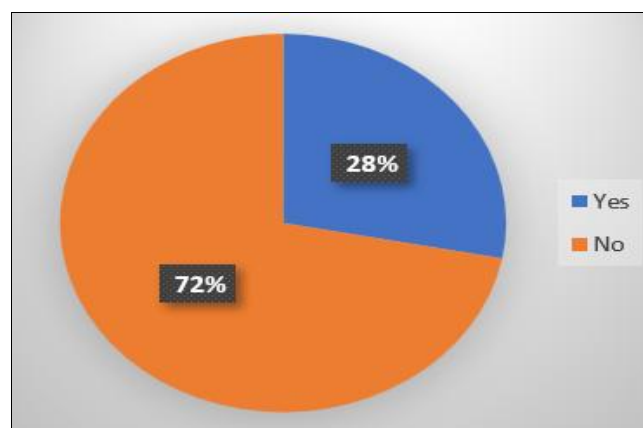
4.3 to establish the effects of minimum wage on the purchasing power of households of domestic workers



Source: Primary Data

Fig 1.2: Have you noticed an increase in the prices of goods and services since the wage increase

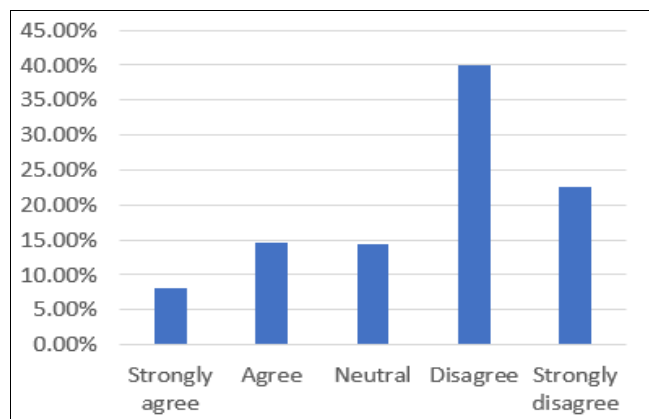
According to the researcher's findings, a majority, 52% (39 participants), noted a significant increase in the prices of goods and services, while 25.33% (19 participants) observed a slight increase. Only 16% (12 participants) reported no change in prices, and 6.67% (5 participants) noted a decrease. This perception of rising prices implies that even with wage increases, inflationary pressures may offset the intended boost in purchasing power, potentially limiting the benefits of minimum wage adjustments for many households.



Source: Primary Data

Fig 1.3: Major Purchases Since Wage Increase

Based on our findings on whether major purchases have been made since wage increase, 28% of respondents reported making major purchases, such as appliances or furniture, following the recent minimum wage increase. However, the majority, 72% (54 participants), indicated they had not made any significant purchases. This distribution suggests that while a portion of domestic workers may feel financially empowered to invest in household items, a large segment may still lack sufficient disposable income to afford major expenses, limiting their ability to enhance their standard of living through durable goods acquisition.



Source: Primary Data

Fig 1.4: Perceptions of Financial Security Post-Wage Increase

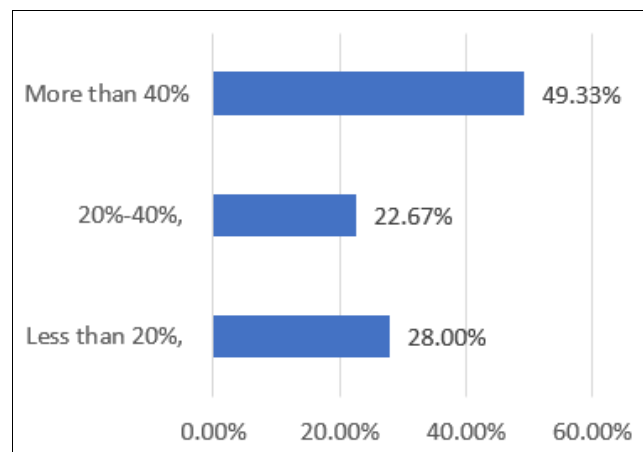
Based on our findings on Perceptions of Financial Security Post-Wage Increase, only 14.67% agree they feel more financially secure. These results indicate that while the wage increase may have provided a modest financial boost for some, many workers do not feel a substantial improvement in financial stability, perhaps due to the rising costs of living or insufficient wage adjustments relative to their needs.



Source: Primary Data

Fig 1.5: Food Purchasing Strategies

Figure 1.5; explores the purchasing strategies domestic workers use to save on food costs. 45.33% (34 participants) primarily engage in bulk buying, while 29.33% (22 participants) rely on discounts. Another 25.33% (19 participants) use meal planning as a cost-saving approach. These strategies indicate that most workers actively employ methods to reduce food expenses, reflecting an awareness of budget constraints and an effort to maximize purchasing power in response to limited income.



Source: Primary Data

Fig 1.6: Proportion of Income Spent on Food

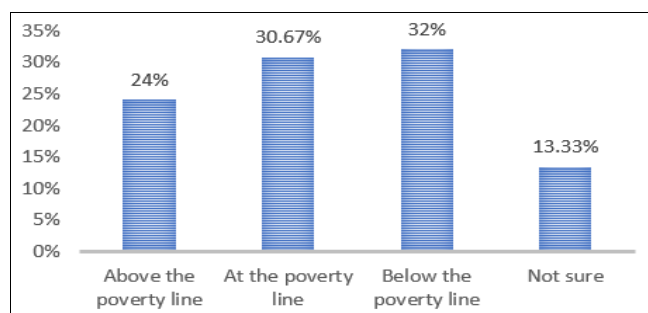
As shown in figure 1.6, nearly half of the participants, 49.33% (37 individuals), report spending more than 30% of their income on food. 28% (21 participants) allocate 20%-30%, while 22.67% (17 participants) spend less than 20% on food expenses. This significant expenditure on food highlights the pressure that basic necessities place on household budgets, which may challenge efforts to save or allocate funds toward non-essential items, especially in light of recent minimum wage adjustments.

Table 1.2: The influence of minimum wage adjustment on food security

Response Category	Number of Respondents	Example Responses
Improved Access to Food	10	"The wage increase has allowed me to buy more food for my family."
		"I feel less worried about running out of food before the end of the month."
		"I can now afford a wider variety of foods, including some higher-quality items."
Minimal or No Change	8	"The wage increase hasn't made a big difference, as food prices have also gone up."
		"Any extra money I get seems to go to other bills, so food security feels the same."
		"While I earn a bit more, it's still not enough to improve my food situation."
Increased Challenges Due to Rising Costs	5	"The wage increase was not enough to cover the rising food prices."
		"I still struggle to buy enough food, especially with everything else getting more expensive."
		"It feels like the cost of living is increasing faster than my income, making food security difficult."
Improved Slightly but Still Insufficient	4	"The wage increase has helped a bit, but it's still a struggle to buy all the food we need."
		"I can now get essentials more regularly, but I still can't afford to eat as healthily as I'd like."
		"There's a small improvement, but it doesn't cover all the expenses."

Source: Primary Data

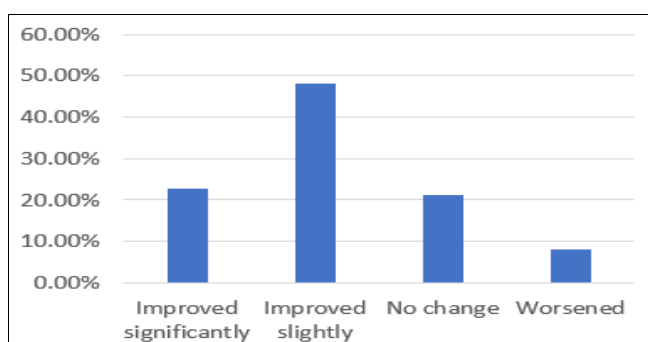
4.4 To establish the effects of minimum wage on the poverty situation of households employing domestic workers



Source: Primary Data

Fig 1.7: Perception of Poverty Line Status

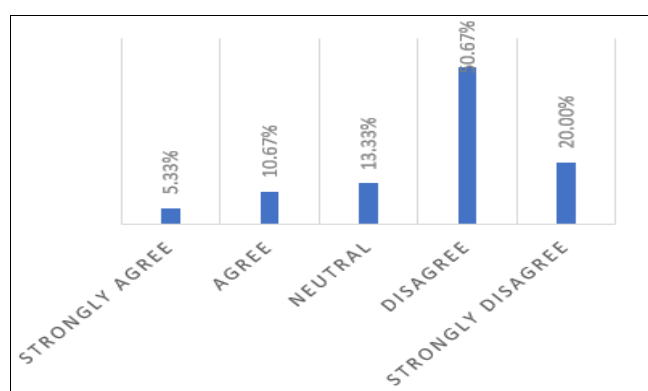
As shown in figure, domestic workers were asked to assess their household's poverty status based on their current income. A significant proportion, 32% (24 participants), consider themselves below the poverty line. This distribution indicates that many households employing domestic workers perceive themselves as struggling or on the edge of poverty, underscoring the financial challenges that remain despite minimum wage policies.



Source: Primary Data

Fig 1.8: Change in Poverty Status Post-Minimum Wage Adjustment

Figure 1.8 explores whether the minimum wage adjustment has influenced the participants' poverty status.

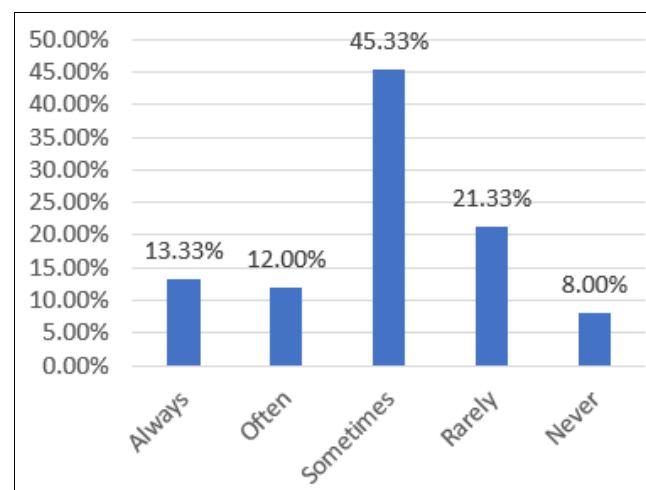


Source: Primary Data

Fig 1.9: Perceptions of Wage Increase's Impact on Poverty Reduction

Based on our findings a large portion, 50.67% (38 participants), disagree that the wage increase has reduced poverty. This distribution indicates that while wage

adjustments may have provided some relief, they have not brought substantial poverty reduction, possibly due to the limited increase relative to household needs.



Source: Primary Data

Fig 1.10: Ability to Meet Basic Needs Without Financial Assistance

According to figure 1.10, 45.33% (34 participants) of domestic workers report they sometimes can meet their basic needs without additional financial assistance. 21.33% (16 participants) state they can rarely do so, and 8% (6 participants) report they never meet basic needs independently. In contrast, 13.33% (10 participants) always meet basic needs on their own, and 12% (9 participants) do so often. These findings indicate that a majority of domestic workers continue to rely on external support, despite the wage increase, which may reflect persistent financial instability within this demographic.

Table 1.3: Main Challenges Despite Wage Increase

Challenge	Frequency	Percent
Debt	18	24.00%
Educational expenses	10	13.33%
High cost of living	13	17.33%
Inadequate housing	12	16.00%
Insufficient income	12	16.00%
Lack of access to healthcare	10	13.33%
Total	75	100.00%

Source: Primary Data

Based on the findings, debt is the most commonly cited challenge, reported by 24% (18 participants). The high cost of living follows closely at 17.33% (13 participants), along with inadequate housing and insufficient income, each cited by 16% (12 participants). Educational expenses and lack of access to healthcare were each mentioned by 13.33% (10 participants). This distribution indicates that while the wage increase has provided some assistance, persistent issues such as debt, living costs, and inadequate housing continue to impact financial well-being.

Table 1.4: Monthly Debt

Variable	(Obs)	Mean	SD	Minimum (Min)	Maximum (Max)
Monthly Debt (ZMW)	75	1905.92	317.51	0 ZMW	4050 ZMW

Source: Primary Data

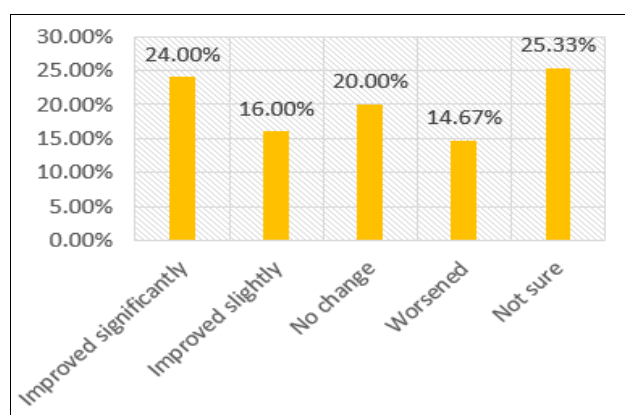
Among the 75 respondents, the average monthly debt is 1905.92 ZMW, with a standard deviation of 317.51 ZMW. Reported debt amounts range from 0 ZMW (indicating no debt) to a maximum of 4050 ZMW. This distribution reflects a considerable debt burden for many domestic workers, with an average monthly debt that may significantly impact their disposable income and financial stability.

Table 1.5: What impact has the minimum wage policy had on your ability to repay debts

Impact of Minimum Wage Policy on Debt Repayment	Frequency	Percentage
Improved Ability to Repay Debts	22	29.3%
Slight Improvement, but Insufficient	18	24.0%
No Noticeable Impact	20	26.7%
Increased Difficulty Due to Rising Costs	15	20.0%
Total	75	100.0%

Source: Primary Data

Respondents reported mixed impacts of the minimum wage policy on their debt repayment abilities. These responses indicate that while the policy has positively influenced some workers' debt repayment, many continue to struggle under financial pressures.



Source: Primary Data

Fig 1.11: Perceptions of Community Poverty Levels Post-Wage Adjustment

Based on the findings 24% (18 participants) observe a significant improvement, while 16% (12 participants) note a slight improvement. However, 20% (15 participants) see no change in poverty levels, and 14.67% (11 participants) feel conditions have worsened. Additionally, 25.33% (19 participants) are unsure about changes in community poverty. These responses indicate mixed perceptions, with some participants seeing positive effects of the wage policy, while others remain unconvinced or uncertain about broader poverty alleviation.

Table 1.6: Type of Additional Support

Type of Additional Support	Frequency	Percentage
Better enforcement of wage laws	30	40.0%
Access to financial education	18	24.0%
More affordable housing	25	33.3%
Healthcare benefits	22	29.3%
Childcare support	15	20.0%
Legal assistance	12	16.0%
Total Respondents	75	100.0%

Source: Primary Data

Respondents identified several areas of additional support to improve the financial well-being of domestic workers as shown in table 1.6. Better enforcement of wage laws was the most commonly selected, with 40.0% of participants indicating this need. More affordable housing (33.3%) and healthcare benefits (29.3%) were also frequently chosen, highlighting the importance of stable living conditions and health support. Access to financial education was chosen by 24.0%, while childcare support (20.0%) and legal assistance (16.0%) were also noted as valuable aids. These responses suggest a comprehensive approach to support is needed, addressing both income security and access to essential services.

4.5 Discussion of Results

This section addresses some of the key or major findings of the study and briefly gives an analysis to the study in line with the research question and objectives.

The following are some of the major findings of the study;

The analysis of household disposable income among domestic workers following the minimum wage adjustment provides mixed insights into the policy's effectiveness. On average, participants reported a monthly income of 1057.33 ZMK, with a standard deviation of 604.76 ZMK, reflecting considerable income variability. Although the minimum wage adjustment was intended to improve financial stability, the reported monthly income changes since the policy update averaged only 128.67 ZMK, with some workers seeing no change at all. This modest increase suggests that while the minimum wage policy provides some relief, it may not be sufficient to meaningfully impact household disposable income for a significant portion of workers, particularly in the face of inflation and rising living costs.

Non-monetary benefits, such as accommodation and meals, which are provided to 29.33% and 28% of participants respectively, also influence household disposable income. These benefits can alleviate certain financial burdens, allowing workers to allocate income to other essential needs or savings. However, 12% of respondents reported receiving no non-monetary benefits, potentially placing them at a greater disadvantage. Additionally, with an average household size of 4.23 individuals, the income and benefits provided are often spread across multiple dependents, further limiting disposable income and potentially leading to greater reliance on external support.

Despite the wage increase, the majority of workers continue to spend a substantial portion of their income on basic needs. For instance, 54.67% of participants reported spending more than half of their income on essential expenses, leaving little room for savings or discretionary spending. The average disposable income after covering essential costs was 251.8 ZMK, with some participants reporting no remaining disposable income at all. This limited disposable income reflects ongoing financial insecurity and suggests that the minimum wage policy, while beneficial to some extent, may need further adjustments or supplementary measures—such as enhanced access to non-monetary benefits, financial education, or cost-of-living adjustments—to effectively improve the economic situation of domestic workers.

The findings on the effects of the minimum wage policy on purchasing power reveal that while wage adjustments provide a basic increase in income, they may not sufficiently enhance the actual purchasing power of domestic workers.

The average monthly expenditure on food, for instance, was 720.63 ZMK, accounting for a substantial portion of the workers' income. With an average monthly income of 1057.33 ZMK, this expenditure alone highlights the limited flexibility within their budgets. Additionally, 808.93 ZMK was reported as the average monthly housing expense, suggesting that many workers struggle to afford both food and housing within their income constraints. These high costs indicate that despite earning above the minimum wage, many domestic workers remain unable to allocate income comfortably across essential categories, limiting their overall purchasing power.

Transportation and healthcare costs add to the financial pressures, with average monthly expenses of 185.92 ZMK for transportation and 36.67 ZMK for healthcare. These expenses, although variable across households, further strain disposable income, leaving minimal resources for non-essential items or quality-of-life improvements. A majority of respondents, 54.67%, reported spending less than 10% of their income on non-essential goods, underscoring the prioritization of immediate, essential needs over discretionary spending. Such limited non-essential expenditure highlights the constrained purchasing power of domestic workers, suggesting that minimum wage adjustments alone may be insufficient to meet their economic needs in an inflationary context.

Perceptions of price increases since the wage adjustment also indicate that rising living costs may erode any improvements in purchasing power gained through wage increases. Over half of the respondents (52%) noted a significant increase in the prices of goods and services, while 25.33% reported a slight increase. This inflationary pressure offsets the intended benefits of the minimum wage policy, diminishing its impact on the actual purchasing capacity of domestic workers. These findings underscore the need for regular evaluations and adjustments of the minimum wage to account for cost-of-living changes, as well as potential support mechanisms like subsidies for essential goods, to help domestic workers maintain stable purchasing power.

The study's findings indicate that despite the implementation of minimum wage adjustments, a significant number of domestic workers in Ndola continue to perceive themselves as living at or below the poverty line. According to Table 4.34, 32% of the respondents consider their households to be below the poverty line, and an additional 30.67% feel they are at the poverty line. Only 24% perceive themselves as living above the poverty line, while 13.33% are unsure of their status. These perceptions suggest that the minimum wage increase has not substantially altered the poverty status for many domestic workers, highlighting the persistent economic challenges they face. Further examining the impact of the minimum wage adjustment, Table 4.35 reveals that nearly half of the respondents (48%) reported that their poverty status has improved slightly, and 22.67% noted a significant improvement since the wage increase. However, 21.33% experienced no change, and 8% felt their situation has worsened. While there is a positive trend toward improvement, the fact that nearly a third of the participants have seen no change or a decline in their poverty status underscores the limited effectiveness of the wage policy in alleviating poverty among domestic workers.

The ability to meet basic needs without external financial assistance remains a challenge for many. As shown in Table

4.37, only 13.33% of respondents stated they can always meet their basic needs independently, and 12% can do so often. In contrast, the majority (45.33%) can sometimes meet their needs without assistance, while 21.33% and 8% can rarely or never do so, respectively. These figures highlight the ongoing financial vulnerability of domestic workers, suggesting that the minimum wage increase has not sufficiently empowered them to achieve financial independence.

Housing conditions further reflect the economic constraints faced by domestic workers. Table 4.38 indicates that 44% live in rented houses, which often require a substantial portion of their income. Only 29.33% reside in owned houses, and 26.67% live in shared accommodations, possibly to mitigate housing costs. Additionally, the average household size is 4.23 individuals (Table 4.39), which can strain limited financial resources. The combination of large household sizes and high housing expenses contributes to the persistence of poverty among domestic workers, despite wage policy interventions. These findings suggest that while minimum wage adjustments are a step toward improving economic conditions, additional measures such as affordable housing initiatives and social support programs may be necessary to more effectively reduce poverty levels in this demographic.

5. Conclusion

The study reveals that while the minimum wage policy has provided some financial relief for domestic workers in Ndola, its effects are limited by ongoing economic challenges, particularly the rising cost of living. For example, although 29.3% of participants reported an improved ability to meet basic needs after the wage increase, 26.7% noted no noticeable impact on their financial stability. Many participants also reported that wage increases were quickly offset by inflation and essential expenses, with 54.67% spending more than half of their income on essentials like food and housing. This suggests that minimum wage adjustments, while beneficial in stabilizing income, are insufficient to fully bridge the gap between earnings and the cost of living, leaving many workers in financially vulnerable situations.

One of the study's significant findings is the impact of minimum wage adjustments on debt management, as 58.67% of respondents described managing debt payments as challenging despite the wage increase. Although the increased income did assist 20% of workers in making debt payments more consistently, for many, the minimum wage level remains too low to allow both debt repayment and savings, with 53.33% saving less than 5% of their monthly income. Debt is a major financial burden for many domestic workers, and the findings underscore the need for additional financial support structures, such as affordable credit options and financial literacy programs, to help workers manage and reduce debt effectively. These statistics reflect the continued financial strain on domestic workers, highlighting the need for complementary policies alongside wage adjustments to ensure meaningful financial security.

The research also highlights the complex relationship between minimum wage increases and household purchasing power. Although a portion of participants reported improved purchasing power, particularly regarding food security, others indicated that rising prices continue to erode the benefits of wage increases. For many workers,

basic expenses consume a large portion of their income, leaving little room for discretionary spending, savings, or investments in quality of life improvements. This challenge is particularly evident in areas like housing, where rent and living costs remain high, forcing some workers to seek more affordable or shared living arrangements. The findings suggest that for minimum wage policies to be genuinely impactful, they must be complemented by policies aimed at controlling inflation and improving access to affordable housing and other essential services.

In terms of quality of life, the minimum wage adjustment has had mixed effects. While some participants noted a moderate improvement in their living standards and financial security, many did not experience a meaningful change. Factors such as limited access to healthcare and education, inadequate housing, and a lack of employer-provided benefits continue to affect the overall quality of life for domestic workers. The results indicate that, beyond wage increases, domestic workers require comprehensive support in various aspects of their lives to achieve a better quality of life. Ensuring access to affordable healthcare, housing, and social services may prove to be just as crucial as increasing wages in helping domestic workers achieve financial and social well-being.

Finally, the study's findings emphasize the importance of strengthening the enforcement of wage policies to ensure that all domestic workers benefit from the minimum wage laws. While the wage policy has a positive intent, inadequate enforcement and lack of awareness among workers can hinder its effectiveness. Many respondents indicated that they are often unaware of their rights, which limits their ability to advocate for fair wages and working conditions. To improve the financial security of domestic workers, it is essential to not only implement wage policies but also to educate workers about their rights and ensure employers comply with these regulations. By addressing both the wage level and the structural factors that affect workers' financial health, policymakers can work toward a more equitable and sustainable livelihood for domestic workers in Ndola.

6. Acknowledgement

First and foremost, I would like to express my deepest gratitude to God, whose guidance, wisdom, and blessings have been my constant source of strength throughout this academic journey. Without His grace, none of this would have been possible.

I am profoundly grateful to my supervisor and advisor, Dr. Chisala Bwalya, for his invaluable support, expert advice, and continuous encouragement. His insights and constructive feedback have been instrumental in shaping this thesis, and his dedication to my academic and professional growth has left an indelible mark on my academic career.

A special thank you to the faculty and lecturers at Information and Communications University. Their commitment to excellence in teaching and their dedication to fostering a stimulating academic environment have been pivotal to my growth as a student of economics and finance.

7. References

1. Andersen TM. The Danish labor market, 2000-2014. IZA World of Labor, 2015.
2. Alun T. The Inclusiveness of Africa's Recent High-Growth Episode: How Zambia Compares. African

Department International Monetary Fund Zambia Conference May 21-21, 2012.

3. Arat-Koc S. In the Privacy of Our Own Home: Foreign Domestic Workers as Solution to the Crisis in the Domestic Sphere in Canada. *Studies in Political Economy*. 1989; 28:33-58.
4. Araki T. Transformation of employment practices in Japan: A new perspective. *Japan Labor Review*. 2013; 10(1):5-19.
5. Armstrong M. A Handbook of Human Resource Management Practice (13th ed.). Kogan Page, 2014.
6. Bank of Zambia. Annual Report. Lusaka: Bank of Zambia, 2019.
7. Bank of Zambia. Financial Sector Report. Bank of Zambia, 2020.
8. Borjas GJ. *Labor Economics* (8th ed.). McGraw-Hill Education, 2019.
9. Bhorat H, Kanbur R, Mayet N. Minimum wage violation in South Africa. *International Labour Review*. 2013; 152(3-4):419-440.
10. Boachie-Mensah FO, Dogbe OD. Performance-based pay as a motivational tool for achieving organizational performance: An exploratory case study. *International Journal of Business and Management*. 2011; 6(12):270-285.
11. Card D, Krueger AB. Minimum wages and employment: A case study of the fast-food industry in New Jersey and Pennsylvania. *American Economic Review*. 1994; 84(4):772-793.
12. Croucher R, White G. The impact of minimum wages on the youth labour market: An international literature review. *European Journal of Industrial Relations*. 2011; 17(3):211-226.
13. Card D, Krueger AB. Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania. *American Economic Review*. 1994; 84(4):772-793.
14. Central Statistical Office (CSO). Population and Demographic Projections Report. Government of Zambia, 2020.
15. Dolado JJ, Felgueroso F, Jimeno JF. The effects of minimum bargained wages on earnings: Evidence from Spain. *European Economic Review*. 1996; 40(3-5):1281-1295.
16. Draca M, Machin S, Van Reenen J. Minimum wages and firm profitability. *American Economic Journal: Applied Economics*. 2011; 3(1):129-151.
17. Harrison A, Scorse J. Multinationals and anti-sweatshop activism. *American Economic Review*. 2010; 100(1):247-273.
18. Hassan MK, Lewis MK. *Handbook of Islamic Banking*. Edward Elgar Publishing, 2007.
19. Healy J, Richardson S. An updated profile of the minimum wage workforce in Australia. *Australian Journal of Labour Economics*. 2006; 9(1):65-80.
20. Hirsch BT, Kaufman BE, Zelenska T. Minimum wage channels of adjustment. *Industrial Relations: A Journal of Economy and Society*. 2015; 54(2):199-239.
21. International Labour Organization (ILO). Minimum Wage Policy Guide. Geneva: ILO, 2018.
22. International Monetary Fund (IMF). The Future of Work: Opportunities and Challenges. Washington, D.C.: IMF, 2020.
23. Kim D, Park C. Effects of minimum wage on small

- businesses in South Korea. *Journal of East Asian Economic Integration*. 2019; 23(2):201-220.
24. Kramarz F, Philippon T. The impact of differential payroll tax subsidies on minimum wage employment. *Journal of Public Economics*. 2001; 82(1):115-146.
 25. Keynes JM. *The General Theory of Employment, Interest, and Money*. Palgrave Macmillan, 1936.
 26. Kombo KD, Tromp DLA. *Proposal and Thesis Writing*. Nairobi: Paulines Publications Africa, 2006.
 27. Koyi G. Economics Association of Zambia: A Presentation to the GRZ-ILO-IMF Conference on: Ensuring An Inclusive, Job Rich Poverty Reducing Growth Process, Lusaka, 2012.
 28. Kudheihia. *Workers, A rapid assessment of domestic workers in Kenya*, 2011.
 29. Low Pay Commission. *National Living Wage Review*. London: Low Pay Commission, 2018.
 30. Lemos S. Minimum wage effects in a developing country. *Labour Economics*. 2009; 16(2):224-237.
 31. Machin S, Manning A, Rahman L. Where the minimum wage bites hard: Introduction of minimum wages to a low wage sector. *Journal of the European Economic Association*. 2003; 1(1):154-180.
 32. Maloney T, Pacheco G. Assessing the possible antipoverty effects of recent increases in New Zealand's minimum wage. *Social Policy Journal of New Zealand*. 2012; 38:1-12.
 33. Manning A. *Monopsony in Motion: Imperfect Competition in Labor Markets*. Princeton University Press, 2003.
 34. Ministry of Labour and Social Security. *Minimum Wage Adjustments*. Government of Zambia, 2020.
 35. Mugenda OM, Mugenda AG. *Research methods: Quantitative and qualitative approaches*. Nairobi: Acts Press, 2003.
 36. Neumark D, Wascher W. *Minimum Wages and Employment. Foundations and Trends in Microeconomics*. 2007; 3(1-2):1-182.
 37. Neumark D, Wascher W. *Minimum Wages*. MIT Press, 2008.
 38. Nwagwu W, Agbazue C. Impact of minimum wage increase on microfinance banks in Nigeria. *African Journal of Economic Policy*. 2016; 23(2):165-185.
 39. Patton MQ. *Qualitative Research and Evaluation Methods* (3rd ed.). Sage Publications, 2002.
 40. Reich M. *Minimum Wages: The Effects on Employment and Labor Market Inequality*. IZA World of Labor, 2019.
 41. Reich M. *Minimum Wages and Economic Well-being: The Real Effects of Policy Adjustments*. University of California Press, 2019.
 42. Shapiro C, Stiglitz JE. Equilibrium Unemployment as a Worker Discipline Device. *American Economic Review*. 1984; 74(3):433-444.
 43. SMERU Research Institute. *The Impact of Minimum Wage Policy on Employment in Indonesia*. Jakarta: SMERU, 2011.
 44. Wang Y, Gunderson M. Minimum wage impacts in China: Estimates from a prespecified research design, 2000-2007. *Contemporary Economic Policy*. 2011; 29(1):46-59.
 45. Wambugu J, Muturi W. The impact of minimum wage on small businesses in Kenya. *African Journal of Economic and Management Studies*. 2017; 8(4):499-512.
 46. World Bank. *Poverty and Shared Prosperity 2020: Reversals of Fortune*. World Bank Group, 2020.
 47. Zambia Reports. *Zambia's Minimum Wage Increase: Implications and Reactions*. Zambia Reports, 2018.