



**THE UNIVERSITY OF ZAMBIA**

**TITLE: EFFECTS OF THE MINIMUM WAGE POLICY ON EMPLOYMENT IN  
THE RETAIL SECTOR - LUSAKA PROVINCE**

**STUDENT NAMES: WILLIS MUFUNGO**

**STUDENT NUMBER: 720000165**

**A DISSERTATION SUBMITTED TO THE UNIVERSITY OF ZAMBIA IN  
COLLABORATION WITH THE ZIMBABWE OPEN UNIVERSITY IN PARTIAL  
FULFILMENT OF THE REQUIREMENTS OF THE DEGREE OF MASTERS IN  
BUSINESS ADMINISTRATION GENERAL**

**THE UNIVERSITY OF ZAMBIA, LUSAKA**

**2023**



**DECLARATION**

I Willis Mufungo, declare that this Dissertation Proposal has been composed solely by myself and that it has not been submitted in whole or in part, in any previous application for a Masters Degree. Except where states otherwise by reference or acknowledgement, the work presented is entirely my own.

Signature:.....

Date: .....

**CERTIFICATION OF APPROVALS**

This proposal of **WILLIS MUFUNGO** is approved as fulfilling the requirements for the award of the degree of Master of Business Administration (MBA-general) offered at the University of Zambia in collaboration with Zimbabwe Open University.

Name:

Signature:

Dr. Mathew Sali

.....

(Supervisor)

**Examiners signature:**

Signature.....

Date.....

## **ABSTRACT**

The purpose of this study was to investigate the effects of the minimum wage policy on employment in the retail sector particularly in Lusaka Province. Structural questionnaires & interviews were conducted with a sample of respondents and the data analyzed. The study focussed on the multinational retail sector.

This study presents evidence on the awareness, compliance and effects of the minimum wage policy on employment. The findings show that while the vast majority of workers know that there is a minimum wage in force in Zambia, comparatively few employees know the exact amount of the minimum wage. Interestingly, most sociodemographic determinants, such as sex, age, education, marital status, or form of employment, are barely correlated with this knowledge. However, both aspects of awareness of the minimum wage are found less often among employees in the retail sector, for whom the statutory minimum wage is likely to be of particularly high relevance, than among employees with higher wages. This results of this study indicate that despite the importance, majority of retail workers are less informed on the Minimum Wage Policy. They expressed the need for more sensitization by their employers or government. An important aspect of minimum wages in the developing world particularly in Zambia is the degree of compliance, given the regulatory structures tend to be substantially less developed than those in developed countries. However, in this study it appears the extent of compliance is fairly high among multinational retail companies as all the respondents indicated wage rates that are either within or more than the statutory minimum wage brackets. The study also established effects of the minimum wage policy on employees. The respondents indicated an increase in the wages as one of the effects of the MW policy, while employers highlighted a negative effect on profitability.

**Key words:** Retail, Minimum, Wage, Policy, Effects

## **DEDICATION**

This proposed study is dedicated to my Father, Mr. Herrick Mufungo, My Late Mother Mrs. Grace Tembo Mufungo and my Late Grandfather Mr. Willis Chiza Tembo who gave me hope, encouragement and pushed me to be persistent.

To my wife Chikondi who has always been supportive. My children Grace, Milemyo and Wanji.

## **ACKNOWLEDGMENTS**

I would like to thank Dr. Mathew Sali for his guidance, valuable comments and suggestions throughout the preparation of this research proposal.

Many thanks go to my wife Mrs. Chikondi Mufungo for her love, care, support and encouragement. Thanks are also extended to my siblings for being a source of inspiration.

Finally, and most importantly, I would like to thank the Almighty God my source of wisdom, knowledge and understanding.

## LIST OF ACRONYMS

ILO	International Labour Organisation
GRZ	Government of the Republic of Zambia
MW	Minimum wage
SPSS	Statistical Package for Social Sciences
GDP	Gross Domestic Product
NGO	Non-Governmental Organisation
SI	Statutory Instrument
US	United States
EU	European Union
HR	Human resources
MLSS	Ministry of Labour and Social Security
MWL	Minimum Wage Law
NAPSA	National Pensions Scheme Authority
WCFCB	Workers' Compensation Fund Control Board
MOU	Memorandum Of Understanding
SI	Statutory Instrument
ZCTU	Zambia Congress of Trade Unions
ZFE	Zambia Federation of Employers
OECD	Organization for Economic Cooperation and Development
EU	European Union
CIS	Commonwealth of Independent States
SSA	Sub - Saharan Africa

Commented [U1]: Arrange in chronological order

**TABLE OF CONTENTS**

Declaration..... i

Certificate of approvals.....ii

Abstract.....iii

Dedication.....iv

Acknowledgement. ....v

List of Acrynoms.....vi

Table of Contents.....vii

List of Tables.....x

CHAPTER ONE ..... 1

Introduction ..... 1

1.1 Background ..... 2

1.2 Statement of the Problem ..... 3

1.3 Aim or Purpose of the Study ..... 3

1.4 Study Objectives ..... 4

1.4.1 General objective..... 4

1.4.2 Specific Objectives..... 4

1.5 Research questions ..... 4

1.6 Significance of the Study ..... 4

1.7 Theoretical Framework ..... 4

1.8 Scope of the Study..... 5

1.9 Operational Definitions ..... 5

1.10 Ethical Considerations..... 6

CHAPTER TWO..... 7

2.0 Literature review ..... 7

Overview .....	7
2.1 Historical Overview of the Minimum Wage Policy.....	7
2.2 Critique of the Validity of Literature .....	10
2.3 Identified Gaps in Knowledge.....	13
2.4 Factors Contributing to Non-Compliance to Minimum Wage Policy .....	16
2.5 Effects of Minimum Wage Legislation .....	17
2.6 Effects of Minimum Wage Policy on Business awareness .....	20
2.7 Comments on the latest authors of related research.....	21
2.8 Contributions to knowledge base of proposed study.....	26
3.0 METHODOLOGY.....	28
3.1 Research Design.....	28
3.2 Study Area.....	28
3.3 Study Population .....	28
3.4 Study Sample.....	29
3.5 Sampling Techniques .....	29
3.6 Instruments for Data Collection .....	30
3.7 Procedure for Data collection.....	30
3.8 Data Analysis .....	30
CHAPTER FOUR.....	31
4.0 Overview.....	31
4.1 Demographic Profile.....	31
4.2 Awareness of the Minimum Wage.....	35
4.3 Compliance to the Minimum Wage.....	37
4.4 Effects of the Minimum Wage Policy.....	39
CHAPTER FIVE.....	41
5.0 Discussion of Findings.....	41
5.1 Introduction.....	41
5.2 Awareness.....	41
5.3 Compliance.....	43

5.4. Effects.....	43
5.5 Chapter summary.....	45
CHAPTER SIX.....	46
6.1 Conclusion.....	46
6.2 Recommendations.....	48
6.3 Furthure research.....	48
7.0 REFERENCES.....	53
8.0 APPENDICES.....	58
8.1 Timeline.....	58
8.2 Budget.....	59
8.3 Questionnaire.....	60

**LIST OF TABLES / FIGURES**

Table 3.3.1 Study Population .....28

Table 4.1.1 Gender Profile .....31

Figure 4.1.1 Gender Profile.....32

Table 4.1.2 Age Profile.....32

Figure 4.1.2 Age Profile.....33

Table 4.1.3 Education Profile.....33

Figure 4.1.3 Education Profile.....34

Table 4.1.4 Marital Status.....34

Figure 4.1.4 Marital Status.....35

Table 4.1.2 Awareness.....36

Table 4.3.1 Compliance.....37

Table 4.4.1 Effects.....39

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Overview

The ILO defines the minimum wage as ‘a wage which provides a floor to the wage structure in order to protect workers at the bottom of the wage distribution’. According to (Wolfson, 2014), “support for minimum wage is premised on its improving the lives of most vulnerable in the labour market. The MW is provided for under the MW and conditions of service Act, Cap 276 of the laws of Zambia. Minimum wage laws are an important instrument in support of economic justice and have now become a standard feature of labour market policy in almost all countries around the world. However, despite a vast academic literature on the topic, the impact of MW on employment and other important labour market variables remains contested. If there is a key conclusion from the literature to date, it is that contextual factors and local labour market conditions are often decisive determinants of the effects that a minimum wage increase will have (Wolfson, 2014). This is particularly relevant in low and middle income country settings, where in many cases the proportion of low-skilled workers, and rates of unemployment, are higher. In addition, compliance with labour laws in these same countries is often imperfect, and as a result even the direct impact of minimum wage legislation on the earnings of covered workers is uncertain.

While a single national rate is most common, some countries have different regional, industrial, occupational, or age-related minimums. The underlying concept of the MW is to set a universal floor for the lowest rate an employer can legally pay an employee. Minimum-wage legislation now exists in more than 90 percent of all countries, although the laws vary greatly. For example, in the United States the vast majority of individual states have minimum-wage legislation in addition to a set federal minimum wage. In the European Union (EU) most member states have national minimum wages; those that do not rely on trade unions and employer groups to establish minimum earnings through the collective bargaining process. The minimum-wage rate in Argentina is set through collective agreement by the National Council for Employment, Productivity and the Adjustable Minimum Living Wages, which includes an equal number of government, employer, and worker representatives. Despite differing legislation, however, minimum-wage rates are generally set at higher-than-average levels in developing countries than they are in developed countries and the EU.

Countries that deviate from this trend include those of the Commonwealth of Independent States (CIS) and southeastern Europe.

Supporters of minimum wage laws maintain that they enhance the work ethic and increase the standard of living of workers and that they decrease the cost of social welfare programs and protect workers against exploitation at the hands of their employers. Opponents argue that minimum-wage laws hurt small businesses that are unable to absorb the costs of higher payrolls, increase unemployment by forcing employers to cut back on hiring, decrease education by encouraging citizens to enter the workforce, and result in outsourcing and inflation as businesses are forced to compensate for rising operation costs.

### **Background**

For much of the past century, the MW has been a controversial subject among policymakers and economists all around the world. For example, (Stigler, 1946), while acknowledging that a higher MW could theoretically raise employment in a labour market characterized by monopsony, argued that the competitive nature of low-wage industries suggested that the displacement of low-wage labour was a more likely outcome. In reply, (Lester, 1947), dismissed Stigler's model of competitive wage determination as inconsistent with existing business practices and argued that "reasoning about labour markets as though they were commodity markets seems to be an important explanation for erroneous conclusions on such matters. In the aftermath of this exchange, other economists began to accumulate empirical evidence on the effects of the MW, with much of this research suggesting that increases in the wage floor were having adverse effects on the employment opportunities of low-skilled workers. Recent studies have shown that a higher MW can contribute to higher labour productivity (Riley, 2017) However, the observed positive relationship between the MW and labour productivity cannot distinguish between, (i) the selection effect: firms can choose to dismiss (or not hire) low productive workers; and (ii) the incentive effect: workers can increase their on-the-job effort and hence productivity to preempt layoffs. Research by (Sorkin, 2015) shows that the difference between the short-run and long-run effects of MW legislation can be enormous. Sorkin measures the responsiveness of employment to a wage change using the economic concept of demand elasticity, which is the percentage change in labour demand in response to a given percentage change in the wage. He shows that the contemporaneous elasticity of labour demand can be virtually zero upon impact of a MW

change, in which he estimates that a 10 percent change in the wage generates an immediate 0.02 percent drop in employment. However, he finds that this sensitivity rises to -.252, meaning that a 10 percent change in the wage generates a 2.5 percent drop in employment after six years, which is roughly one hundred times larger than the immediate effect. In Zambia, government has not been consistent in revising the MW for the past forty years since it was first enacted in 1982.

## 1.2 Statement of the Problem

The problem of MW in Zambia is rampant as more and more employees are put on wages that are not sustainable. When wages are lower, the purchasing power of employees is weakened resulting in a lower standard of living. The lower the wages, the lower the motivation levels for the employees. In Zambia, due to economic hardships most employers would rather pay their worker's wages that are below the minimum. Most employees have as a result complained of the negative effect of lower wages. Further more, in Zambia, questions remain unanswered on the extent of awareness and compliance levels to the MW in many different sectors of the economy including the retail sector. In most developing countries, a substantial share of workers still earns less than the legal minimum. Enforcement has not kept up with growth in regulations to protect workers from low wages and poor working conditions. Several institutional structures shape enforcement, including the role of labour inspectors and approaches to compliance, and these and other variables can be analyzed to explore their effects on the level of minimum wage violations (Bhorat & Kanbur, 2019). Although some studies have found that the minimum wage has had negative employment repercussions, most research has identified only small employment effects (Allegretto S, 2018). Nonetheless, researchers have continued to debate the efficiency and efficacy of minimum wage policies for increasing the economic security of low income. It was therefore, important that a study is conducted to analyze the effect on organizations and firms adhering to the MW and its effect to the employee and the employer.

## 1.3 Aim or Purpose of the Study

The aim or purpose of the study was to have an understanding of how the MW policy affects employment furthermore recognizing the effect it may have on compliance by employers and the effect on workers and their employers.

Commented [U2]: Use one word for the heading

## **1.4 Study Objectives**

### **1.4.1 General objective**

The objective of the study was to investigate the effects of the minimum wage policy on employment in Lusaka district particularly in the retail sector.

### **1.4.2 Specific objectives**

- i. To determine the awareness among employees to the Minimum Wage policy.
- ii. To establish the compliance levels to Minimum Wage policy within the retail sector.
- iii. To identify the effects of the Minimum Wage policy on the employees.

### **1.5 Research questions**

- i. To what extent are the workers aware of the Minimum Wage policy?
- ii. To what extent is compliance to the Minimum Wage policy in the retail sector?
- iii. What are the effects of the Minimum Wage policy on the employees?

### **1.6 Significance of the Study**

The GRZ decided to implement the use of the MWL to protect workers against unduly low pay in order to ensure a basic quality of life among all citizens within its borders. This law attempts to improve an individual's position in the economic income brackets rather than have copious amounts of underpaid citizens. MWLs seek a level of economic equality. A study of the MW has helped us understand how this factor affects employment furthermore recognizing the levels of awareness, compliance as well as effects.

### **1.7 Theoretical Framework**

The theoretical framework for this study was based on the classical economic theory of labour market, which posits that the supply and demand of labour determines the equilibrium wage rate in a market. According to this theory, an increase in the MW policy would lead to an increase in the wage rate for low-skilled workers, which in turn could result in a decrease in the demand for labour and an increase in unemployment (Wascher, 2007). However, the MW policy could also have positive effects on workers, such as increasing their income and reducing income inequality (Manning, 2021).

Furthermore, we drew on the HR theory which suggests that education, training and experience of workers are critical factors that determine their productivity and wages. Therefore,

employers are likely to hire workers with higher levels of education and skills, which could limit the employment opportunities for low-skilled workers (Becker, 1964).

The study also considered the institutional theory, which argues that institutions such as labour laws and regulations, social norms, and cultural values play a significant role in shaping economic behaviour (Scott, 2014). In the Zambian context, the MW policy is implemented through the MW and Conditions of Employment Act, which sets the MW for different sectors of the economy. This institutional framework is expected to influence how the policy is implemented and how it affects employers and employees in Lusaka Province.

Finally, the study also examined the political economy theory which posits that economic decisions and outcomes are influenced by political factors such as power relations, interest groups, and government policies (Stiglitz, 2013).

### **1.8 Scope of the Study**

The study scope was the Multinational retail industry with focus on Lusaka Province. It was focused on the effects of the policy on MW.

### **1.9 Operational Definitions**

**Minimum Wage (MW)** - the lowest hourly, daily or monthly wage that employers are bound by law to pay their workers. (Giotis, 2022)

**Policy** - a law, regulation, procedure, administrative action, incentive, or voluntary practice of governments and other institutions. (Stewart, 2014)

**Policy maker** - this is a group or body of an organization that comes together to make up a policy. (Stewart, 2014)

**Organization** - this is a group of people that comes together to achieve a specific goal. (Priyakshi, 2019)

**Retail worker** – this is an employee who works in a store selling goods to the public. I.e. till operator, shelf packer, etc. (Knight, 2006).

**Multinational** - whose activities are located in more than two countries. (Lupo, 1973).

### **1.10 Ethical Considerations**

Ethical considerations entail ensuring that participants are coerced into participating in the study and that participation is voluntary on the basis of informed consent. Participation was kept secret to ensure that responses are not linked back to specific respondents. Additionally, no personal identification details such as names and residential addresses was collected during the research. Adequate level confidentiality of research data was ensured and any type of communication in relation to the research was done with honesty and transparency.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Overview**

The MW policy is a contentious issue that has sparked debates among policymakers, employers, and employees. The rationale behind the policy is to improve the standard of living of low-income workers and reduce poverty. However, the policy has both positive and negative effects on employers and employees. The literature review section will provide a historical overview of the MW policy, critique the validity of literature, identify gaps in knowledge, and demonstrate how the proposed study will contribute to the knowledge base of the area of study.

#### **2.1 Historical overview of the Minimum Wage Policy**

The concept of MW policy can be traced back to the early 20th century when the United States introduced a MWL to protect workers from exploitation (Brown, 2019). The policy aimed to establish a MW rate that would prevent employers from paying workers below a certain standard. Since then, many countries have implemented MW policies to protect low-income workers from poverty and exploitation. However, the policy has been criticized for its negative effects on businesses and employment. The federal minimum wage, introduced in 1938 during the Great Depression under President Franklin Delano Roosevelt, was initially set at \$0.25 per hour. The federal minimum wage has been increased by Congress 22 times, most recently in 2009 from \$6.55 to \$7.25 an hour. Most states plus DC have a minimum wage higher than the federal minimum wage, though several states do not have minimum wage laws (which means workers in those states default to the federal minimum wage).

In 1890 the annual wages of the average American were \$380, well below the poverty line of \$500 per year. Progressivism, a political movement, emerged at this time with the aim of improving American working conditions and wages. Following the example of Australia and New Zealand, which enacted the world's first minimum wage laws in the 1890s, the Progressives introduced the idea of a US minimum wage, arguing that it should be high enough to support an average employee's needs.

While men generally earned higher wages, enjoyed freedom of contract, and could join and rely on the protection of unions, women and minors were not afforded such luxuries. Barred from joining unions and prevented from the free negotiation of contracts, they suffered from low wages which drove some to prostitution in order to cover their costs of living. It was thought that by introducing a minimum wage for women and minors at a level high enough to

ensure an adequate standard of living, they would be given a level of protection not needed by the male workforce. As a direct result of pressure from the progressive movement, the first state minimum wage laws were introduced, beginning in 1912 with Massachusetts. Eleven more states enacted minimum wage laws covering women and minors but not men between 1913 and 1917.

The Oregon minimum wage legislation of 1913 stated, “the State of Oregon requires that women and minors should be protected from conditions of labor which have a pernicious effect on their health and morals, and inadequate wages and unduly long hours and unsanitary conditions of labor have such a pernicious effect.” This law instituted a weekly state minimum wage of \$8.25 for experienced women, \$6 for inexperienced women and girls aged 16-18, and higher rates for employees in Portland. In 1937 Oklahoma became the first state to enact minimum wage legislation covering men. These provisions were deemed void by the state’s 1939 Supreme Court ruling in *Associated Industries of Oklahoma v. Industrial Welfare Commission*; however this was due to the language used in the law, not the concept of a minimum wage for men.

In 1939 the Women’s Party of Connecticut argued that while the minimum wage law covering women and minors was designed to protect them, it was actually harmful as the conditions placed on their employment made them less employable than men. Their challenge resulted in a 1939 amendment to the Connecticut law which extended minimum wage provisions to men and set a precedent for other states to follow. After the Second World War, the number of countries with minimum wages expanded. Newly independent countries such as India (1948) and Pakistan (1961) were among those adopting minimum wages. Francophone African countries adopted the French model of a general minimum wage (SMIG) with a lower rate for agriculture (SMAG), while Anglophone African countries adopted the tradition of sectoral wage boards.

The legal coverage of minimum wages was progressively expanded as it was increasingly felt that all workers, as a matter of right, should receive protection against unduly low wages. Nationally applied minimum wages appeared in the Netherlands (1969), France (1970) and Spain (1980). In the United States, coverage expanded from about 20 per cent of the workforce in the early years to nearly 80 per cent in 1970. Coverage also expanded in countries with sectoral minimum rates. States in India, for example, gradually expanded the number of sectors and occupations “scheduled” for minimum wage coverage.

The economic and intellectual contexts of the 1970s and 1980s brought this expansion to a halt in some countries. The United Kingdom dismantled its wage councils in the 1980s.

In recent years, minimum wage systems have been established or strengthened in many countries to address working poverty and inequality. The United Kingdom introduced a new statutory minimum wage with national coverage in 1999. Since the early 1990s eight other members of the Organisation for Economic Co-operation and Development (OECD) have adopted a statutory minimum wage, including the Czech Republic, the Slovak Republic, Poland, Estonia, Slovenia, Ireland, Israel and most recently Germany. Most OECD countries without a statutory minimum wage have legal floors set through collective agreements, such as in Denmark, Finland, Norway or Switzerland. As a result, minimum wages exist in all European countries.

Many developing and emerging economies also established or strengthened minimum wages. China adopted a minimum wage in 1994 and strengthened it in 2004; South Africa established a system of minimum wages after the end of apartheid in 1997; Brazil re-activated its minimum wage policy in 2005; the Russian Federation complemented its national minimum wage with regional floors in 2007; and Malaysia adopted a national minimum wage in 2013, followed by Myanmar and the Lao People's Democratic Republic in 2015, and by Macao (China) in 2016. In Africa, the most recent country to introduce a national minimum wage was Cape Verde in 2014.

In Zambia, the MWL was first enacted in 1982. Under legal provisions, the MW is supposed to be updated every two years but this hardly happens. Over the 30 year period between 1982 and 2012, the MW was only revised four times - in 1997 (i.e. after 15 years), 2002 (after 5 years), 2006 (after 4 years) and 2012 (after 6 years). The last update of the MW in Zambia was done last year in 2022 but the government has decided not to implement the newly revised wages.

The effect of MW policies on businesses and employment is a controversial issue. Some argue that MW policies can lead to increased unemployment, particularly among low-skilled workers, as businesses are forced to cut jobs in order to afford the increased labour costs (Wascher, 2007). Others argue that MW policies can actually stimulate the economy by increasing consumer spending power, which in turn leads to increased demand for goods and services (Lester, 1947).

## 2.2 Critique of the Validity of Literature

The literature on the MW policy is divided into two camps. The first camp argues that the policy is necessary to protect low-income workers from poverty and exploitation. The second camp argues that the policy has negative effects on businesses and employment.

Proponents of the MW policy argue that it is necessary to ensure that low-income workers earn a living wage. According to (Gindling, 2018) the policy can reduce poverty and increase social welfare by ensuring that low-income workers earn a MW that meets their basic needs. However, opponents of the MW policy argue that it has negative effects on businesses and employment. According to (Wascher, 2007) the policy can lead to reduced employment, particularly among low-skilled workers. Employers may reduce their workforce or replace low-skilled workers with automation to reduce their labour costs.

(Gough, 2017) “The Impact of Minimum Wage Legislation” argues that Minimum Wages should be left to the free operation of market forces. Minimum wage rate policies are only effective in low-wage industries: the hotel sector labour market is used to develop the theory of minimum wages under different competitive conditions. The theoretical impact of a government-imposed minimum wage on the firms in an industry depends upon different competitive conditions in product and labour markets, but in most cases the number of firms falls as does the long-term demand for labour. In the UK, the Office of Budget Responsibility estimates that the National Living Wage will cut the total demand for labour hours by 0.4%, a reduction of 4 million hours of work a week causing 60,000 redundancies as a result of increased wage costs.

According to (Zenia Kotval, 2016), while a Minimum Wage standard refers to the lowest wage allowed by law, a living wage attempts to address issues of well-being and dignity. (Zenia Kotval, 2016) argues that a minimum wage is not a living wage; a minimum wage may not allow low-wage workers a minimally secure way of life. For many communities, their minimum wage—even those set above the federal level—does not allow low-wage workers to meet their very basic living needs such as food, shelter, and basic medical care. If a community is successful in the passage of a living wage standard, the living wage becomes the legal minimum wage for the regulated businesses and institutions. Thus, living wage initiatives represent an approach to raising the minimum wage for the affected businesses regulated by the law. In 2008, the US Virgin Islands (USVI) Legislature decided to pass Act 7027 which required the USVI Bureau of Economic Research to develop an economic Self-Sufficiency Standard for the USVI. This current study, conducted by the authors, does not address

arguments for a living wage based on morality; rather this study addresses the economic logic of a living wage by assessing the economic effects for the USVI.

(Rogers, 2014) In his study titled “Justice at Work: Minimum Wage Laws and Social Equality” argues that, existing legal academic debate implies that Minimum Wages are not Laws. Drawing on neoclassical labor market models, various legal scholars have argued that minimum wage laws increase unemployment and cause other inefficiencies, and therefore that direct transfers to the working poor are a superior means of ensuring distributive justice. Accepting for the sake of argument that minimum wage laws have such economic effects, this Article nevertheless defends them on grounds of justice. It builds on well-worn arguments that a just state will not just redistribute resources but will also enable citizens to relate to one another as equals. This ideal of “social equality” is most commonly associated with republican and communitarian theories of justice, but it is also central to major strands of egalitarian liberalism. Minimum wage laws advance social equality, and do so better than direct transfers, in several ways. They increase workers’ wages, which are a primary measure of the social value of work; they alter workplace power relationships by giving workers rights vis-a-vis employers; and they require employers and consumers to internalize costs of higher wages rather than mediating all distribution through the state. In short, minimum wage laws help ensure decent work, work that enhances rather than undermines workers’ self-respect. Reduced demand for extremely low-wage labor is a cost worth bearing to ensure decent work and may even be an affirmative social good.

(Card, 1994) argue that more emphasis should be placed on the effects of raising the minimum wage on incomes if employment effects are negligible. The case for raising the minimum wage is often expressed in terms of making a commitment to ensure that anyone who works hard should be able to earn a decent living and to support a family. In practice, working hard is often understood as working year-round and full-time, and a decent living is often described as earnings sufficient to attain income above the poverty line for a family of four. This viewpoint for judging MW policy as a standard for meeting minimal needs-does not take into account any diversity in circumstances among working people. The need to support a family of four does not apply to everyone who wants to work, for example, and many jobs are also only part-time or part-year. Treating everyone as if they had the same priorities or needs is a misleading oversimplification of much more complex and varied interests. Reducing inequality in the distribution of income is a goal related to poverty reduction in the context of minimum-wage policy. The effects of an increase in the minimum wage on the distribution of income have

been analyzed, and most analysts have concluded that raising the minimum wage is a very inefficient way to reduce household or family income inequality. Although (Card, 1994) apparently do not disagree with this view, they present data suggesting that the 1990 increase in the minimum wage had effects on incomes that were disproportionately concentrated in the lower part of the distribution. As pointed out by Burkhauser, Couch, and Wittenberg (1996), however, the apparent concentration of minimum-wage effects in the bottom third of the income distribution is largely a result of looking only at working people in low-income families, where only a small proportion work, instead of at all low-income families. The controversy about the size and significance of minimum-wage effects on employment can be expected to stimulate new research to clarify the character and importance of employment adjustments. But what can we conclude on the basis of current research evidence? Most of the research evidence that has accumulated over the years has pointed to negative and significant employment effects for the most vulnerable groups. The results of more recent studies, notably those carried out by (D. Neumark, 2019), are consistent with this view. On the basis of their studies, (Card, 1994) argue that employment effects for the groups they examine have been negligible, and perhaps even positive, with the implication that it is reasonable to disregard the possibility of other, more subtle negative employment consequences of minimum-wage increases. It is necessary to make a judgment about the validity of these conflicting claims that have been made on the basis of different research results. In my judgment, raising the minimum wage can be expected to harm the job prospects of those whose wages would be most affected by a minimum-wage hike, those who would otherwise earn the least. The evidence in studies put forward by (Card, 1994) in support of their view is not sufficiently persuasive to overturn conclusions that were reached on the basis of an accumulation of earlier research and more recent studies that have also produced evidence of negative employment effects. Effects on employment of minimum-wage increases have not been easy to find in noisy data, especially for modest increases in the legal minimum from an initial level that is relatively low, so that only a small proportion of workers in potentially vulnerable groups is affected. Although the studies carried out by (Card, 1994) make use of sophisticated analytical techniques, the methodology they use and the cases they examine are subject to many of the same problems and limitations as other, earlier studies. Moreover, the arguments that have been made for modifying the standard theory so that negative employment effects are no longer predicted are not very convincing. In my judgment, the empirical evidence that is available now, taken together, should lead us to reject the view that adjustments by employers in response to increasing the minimum wage can be disregarded because they are likely to be small and

insignificant. I believe, instead, that the evidence of negative employment effects is sufficiently strong that we should be concerned about the unintended adverse effects of raising the minimum wage on the availability and characteristics of jobs for those whose wages would be most affected.

### **2.3 Identified Gaps in Knowledge**

Despite the extensive research that has been conducted on the MW policy, there are still gaps in knowledge that require further exploration. One of the primary areas of research that requires additional study is the effectiveness of the MW policy on poverty reduction in Lusaka province. While the policy has been implemented with the goal of reducing poverty, there is limited evidence to support this claim. Some studies suggest that the MW policy may have negative effects on poverty reduction by increasing unemployment rates and reducing the availability of jobs for low-skilled workers (Dube A, 2010).

Another area that requires further exploration is the effect of the MW policy on small businesses. Studies have shown that small businesses may struggle to comply with the MW policy due to their limited financial resources and may be forced to lay off employees or reduce their work hours (Wascher, 2007). However, other studies suggest that the MW policy may have a positive effect on small businesses by increasing the purchasing power of low-income earners, thereby stimulating demand for goods and services (Lee, 1999). A study by (A. Prasetyo, 2022) on the Minimum Wage Provisions in Micro Enterprises and Small Businesses revealed that a common problem for micro and small businesses is that they cannot meet the minimum wage requirements because the economic capacity of their own businesses is different from that of large businesses. Through the Employment Creation Act, the government finally made changes to the labor cluster by providing special rules for micro and small businesses in terms of providing wages below the minimum wage. The problems studied in this research were regarding the requirements to be able to provide wages below the minimum wage provisions and how to provide wages under the minimum wage provisions. The results of the research are an explanation of the conditions for businesses that can pay their workers' wages below the minimum wage, how to make a Collective Agreement so that they can pay wages below the minimum wage.

Research gaps still exist on the Long Term Employment Effects of the Minimum Wage. The research done in Germany indicate a small negative effect on dependent employment of 0.5 percent, no significant effect on employment subject to social security contributions, and a significant negative effect of about 2.4 percent on marginal employment until the first quarter

of 2022. The extended specifications suggest additional effects of the minimum wage increases, as well as stronger negative effects on total dependent and marginal employment for those regions that were strongly affected by the minimum wage in 2015 and 2019 (Olthaus, Marco, Pestel, & Pestel, 2023). Different specifications and extensions of the classic difference-in-differences approach as well as a set of new estimators that enables for unbiased effect estimation with a staggered treatment adoption and heterogeneous treatment effects.

Among the research gaps identified is the “Setting of the Minimum Wage”. While there is a large body of theoretical and empirical research on the effects of minimum wages on employment, unemployment and the wage distribution, much less attention has been devoted to date to the process leading to the determination of the level of the minimum wage. There is some empirical literature on the time-series variation of minimum wages (e.g., Williams, 2009). However, to my knowledge there has not been to date any systematic attempt to either relate preferences on the level of the minimum wage to the fixing regimes and to use the heterogeneity in fixing regimes in explaining the cross-country variation in actual minimum wage levels. The analysis of the interactions between minimum wages and fixing regimes can be valuable in assessing the relevance of policy endogeneity in empirical analyses of the effects of minimum wages on the labor market. The huge literature on the effects of minimum wages on employment and the wage distribution rarely addresses policy endogeneity. When it does so it typically uses as identifying assumption the time invariance of the unobserved heterogeneity which could affect both, employment and minimum wage levels. However, minimum wages are likely to respond to changing macroeconomic conditions, including employment and unemployment levels.

Another area that requires further exploration is the effect of the MW policy on racial inequality particularly in Zambia. To my knowledge, I have not come across any research paper that has explored the Minimum Wage effects on racial inequality particularly in Zambia or the Sub Saharan Region. In the US, (Wursten and Reich, 2021) examine why minimum wages reduce racial inequality. They found that Low-wage Black workers on average live further from jobs and are less likely to own cars. Minimum wage increases allow Black workers to acquire cars, greatly extending the job opportunities within their grasp. Minimum wages also reduced racial gaps in employee turnover, further indicating that the policies enhance job opportunities for Black workers.

Another study by (Sara Alhaif, 2019) on the “Differential Effects of Labour Tightening on the Black-White Wage Gap, the Role of the Minimum Wage” investigated two comparative views

of wage-setting based on labor mobility during the business cycle. It also examined whether the changes in the minimum wage play any significant role in wage dynamics for black and white workers. They used statelevel panel data for the period (Q3, 2000 – Q3, 2019). The research found that the job to job transition rate dominates the unemployment to employment movement rate in explaining both; stable and new hire earnings fluctuations in the labor market. Additionally, this paper highlighted the importance of the minimum wage ripple effects in the labor market dynamics and its missing role in narrowing the racial wage gap.

The Gender based gap effects of the MW has not been extensively researched. Research by (Olivier Bargain, 2019) found that Women are disproportionately in low paid work compared to men so, in the absence of rationing effects on their employment, they should benefit the most from minimum wage policies. This study examines the change in the gender wage gap around the introduction of minimum wages in Ireland and the United Kingdom. Using survey data for the two countries, they develop a decomposition of the change in the gender differences in wage distributions around the date of introduction of minimum wages. They separate out 'price' effects attributed to minimum wages from 'employment composition' effects. A significant reduction of the gender gap at low wages is observed after the introduction of the minimum wage in Ireland while there is hardly any change in the UK. Counterfactual simulations show that the difference between countries may be attributed to gender differences in non-compliance with the minimum wage legislation in the UK. (Wittbrodt, 2021) analysed the impact of the German minimum wage introduction on gender inequality in hourly wages. In January 2015, Germany introduced a statutory nationwide wage floor with only few exemptions. The reform denoted an important intervention for the German labor market, translating into a wage increase for about 10 percent of the eligible employees. Accordingly, recent literature has identified a positive impact of the wage floor on hourly wages at the bottom of the wage distribution. Since women are often found to be overrepresented among low-wage employees, a wage floor could benefit them particularly and could thus pose a suitable policy tool to fight gender inequality. Our paper draws upon that notion and estimates the relationship between the German wage floor and the gender pay gap. Making use of detailed individual data from the Socio-economic Panel (SOEP) and the Structure of Earnings Survey (SES) we employ a regional difference-in-difference approach as well as wage decompositions.

## 2.4 Factors Contributing to Non-Compliance to Minimum Wage Policy

The employment effects of minimum wage non compliance have been the focus of several theoretical contributions to the minimum wage literature, the dominating conclusion being that the non complying employer, while reducing employment below the free-market level, will still employ more labour than he would if complying. Allowing, however, for partial compliance, this study applies a portfolio-choice approach to the employer's problem, concluding surprisingly that the minimum wage law may give rise to a full-compliance employment effect even if it is partially evaded. This result is further shown to hold with regard to labor market laws in general.

Studies have shown that several factors contribute to non-compliance with MW policies. One such factor is the lack of monitoring and enforcement of MWs by government agencies (Brown, 2019) Employers are more likely to ignore MWs if they believe that there is little chance of being caught or facing any serious consequences. Similarly, the lack of awareness and education on the MW policy among employers and employees also contributes to non-compliance (Bhorat & Kanbur, 2019). Another factor that contributes to non-compliance is the informal nature of many jobs, particularly in developing countries. Informal jobs often lack clear employment contracts, making it difficult to enforce the MWL (Khan & Qayyum, 2020). Additionally, some employers may choose to circumvent MWL by classifying workers as independent contractors, rather than employees, to avoid paying MW and benefits (Posner, 2020).

(Yamada, 2012) using the case of South Africa, in the study on compliance with the minimum wage law when completely new minimum wage levels are established. By even the best estimate, the compliance rate in South Africa would not exceed 40 per cent for the agricultural sector and 30 per cent for the domestic worker sector. The compliance rates by subpopulation groups reveal that the compliance rate is low where the cost to comply with the minimum wage law is high, implying that government inspections are not done where they are likely to have the highest payoff. However, if the government tries to enforce the policy more strictly, the poor/less skilled would be adversely affected.

(O. Ashenfelter, 1979) investigates the extent and patterns of compliance with the federal minimum wage. Using a profit-maximizing model of compliance, predictions about compliance with weak or random government enforcement are made. Such enforcement is not random, however, and our measures of compliance suggest that government enforcement, while not inducing anything near complete compliance, does have an impact. Overall

compliance in 1973 is estimated to be about 65 percent, while it is about 10 percentage points lower after the new minimum was established in 1975. Compliance appears highest among regional/racial/sex (but not age) groups where market incentives for violation are strongest.

A study by (Bhorat & Kanbur, 2019) on the extent of compliance in many developing countries, a significant portion of the wage distribution is found below the legal minimum wage. In order to fully understand the nature of this non-compliance, we need to compare the counterfactual wage distribution without the minimum wage law to the current wage distribution. Such a comparison could reveal partial compliance, where employers raise wages some of the way to the minimum wage, to balance out the benefits of non-compliance with the costs and penalties to the extent that they depend on the gap between the legal minimum wage and the wage actually paid. (Bhorat & Kanbur, 2019) presents a simple model of such partial compliance and uses its predictions to structure an empirical investigation of the impact of introducing a minimum wage law for agricultural workers in South Africa. He found that partial compliance is indeed taking place and further, the lowest wages were being raised disproportionately, consistent with the predictions of the model.

(Bhorat & Kanbur, 2019) applies a multivariate analysis, using standard OLS, probit, and quantile regression techniques to investigate the determinants of the probability of a worker being violated by their non-compliant employer, as well as of the depth and extent of the violation, that is, the shortfall of their wage from the minimum. The results show that in South Africa levels of non-compliance are high, especially in the Security, Taxi and Farming sectors. The results of the multivariate analysis indicate that violation is an outcome of a range of variables, including individual, firm-level/contractual, sectoral, as well as spatial/density characteristics. Two key markers of the probability of minimum wage violation and the depth of violation is the density of labour inspectors in the District Council where the worker is employed as well as the unemployment rate in the area. The findings in this paper carry important policy implications for minimum wage legislators in South Africa, especially regarding interventions around the enforcement of sectoral minima.

## **2.5 Effects of Minimum Wage Legislation**

The effect of minimum wage on employment is one of the most important matters discussed in economics literature however; the theoretical approaches put forward regarding the impact of minimum wage on employment indicate different outcomes. (B. B. Kar, 2018) conducted an empirically investigation on the effect of minimum wage legislation on employment by employing data for OECD countries over the period 1997 to 2017 and to contribute to this

literature where consensus has not yet been achieved on the subject. In order to conduct this investigation, the Augmented Mean Group Estimator was used. According to empirical results, minimum wage legislation increases the employment in the long run for the OECD countries. On the other hand, these results show that a one percent increase in minimum wage leads to an increase of 0.17% in employment rate. Although country-specific coefficients vary between countries because of the institutional and structural characteristics of countries, they are mostly positive. These findings support the modern liberal approach, which suggests that the impact of minimum wage on employment is negligible or positive.

In another research by (Wascher, 2007), the review indicates that there is a wide range of existing estimates and, accordingly, a lack of consensus about the overall effects on low-wage employment of an increase in the minimum wage. However, the oft-stated assertion that recent research fails to support the traditional view that the minimum wage reduces the employment of low-wage workers is clearly incorrect. A sizable majority of the studies surveyed in this monograph give a relatively consistent (although not always statistically significant) indication of negative employment effects of minimum wages. In addition, among the papers we view as providing the most credible evidence, almost all point to negative employment effects, both for the United States as well as for many other countries. Two other important conclusions emerge from our review. First, very few if any studies that provide convincing evidence of positive employment effects of minimum wages, especially from those studies that focus on the broader groups (rather than a narrow industry) for which the competitive model predicts disemployment effects. Second, the studies that focus on the least-skilled groups provide relatively overwhelming evidence of stronger disemployment effects for these groups.

Research has shown that MW legislation can have a significant positive effect on the wages of retail workers. A study by (Allegretto S, 2018) found that MW increases in six US cities led to an average wage increase of 5.2% for retail workers. Similarly, a study by (Doucouliagos H, 2019) analyzed 82 studies on the effects of MW increases and found that the overall effect on employment was small, while the effect on wages was significant.

In the study by (Chong-Uk Kim, 2018) he attempts to explain how labor demand and supply respond to minimum wage increases. In his model, it was found that firms can hire either skilled or unskilled workers to maximize their profits. With data from 25 OECD countries over 15 years from 2000 to 2014, he finds that a higher minimum wage decreases labor demand but does not affect labor supply. Our empirical results also suggest that relatively modest increases

in minimum wages have limited impacts on employment. On average, 10 percent increase in the minimum wage decreases employment by 0.7 percent, thereby increasing unemployment rate by 0.64 percent.

The study by (T. Aderemi, 2017) examined the welfare effects of minimum wage increase in Nigeria using a computable general equilibrium model. The model was calibrated using a 2006 Social Accounting Matrix and four sets of scenarios (20, 35, 50 and 140 per cent wage increases), were simulated. The findings show that employers substituted other labour categories for minimum wage workers. This increases the wage rates of other labour. The consumer price index also increased as firms partly pass-on increased labour cost to consumers. Generally, the simulations show that minimum wage policies worsen the welfare of its intended beneficiaries, due to negative impact on prices and employment. This study deviates from existing studies on minimum wage in Nigeria, by providing a proper disaggregation of the labour market that represents the Nigerian economy. In this regard, the informal sector was accommodated and the potential impact of the minimum wage on this sector determined. It also adopted the equivalent variation welfare measure which incorporates price and consumption effects in measuring welfare.

In a research by (Bhorat & Kanbur, 2019) on Minimum Wages in Sub - Saharan Africa, it was found that the minimum wage relative to the mean wage is higher in low income countries than in lower- and upper-middle income countries. Indeed, SSA as a whole reflects a bias towards a more aggressive minimum wage policy compared to the rest of the world. There is limited research on the employment effect of minimum wages in SSA, but the few findings are consistent with the broad summary of global research. By and large, introducing and raising the minimum wage has a small negative impact or no measurable negative impact. However, there is significant variation around this average finding – the employment elasticities are not constant nor linear. Where increases in a minimum wage are large and immediate, this can result in employment losses, but more modest increases usually have very little observably adverse effects and may have positive impacts on wages. The great variability in findings on employment could be due partly to the great variation in the detail of the minimum wage regimes and schedules country by country, but also by the variations in compliance. We find that higher Kaitz indices are associated with higher levels of non-compliance. The release of country-level earnings and employment data at regular intervals lies at the heart of a future country-focused minimum wage research agenda for Africa.

Another study by (T. Aderemi, 2017) found that in the last two decades, the effectiveness of the minimum wage as a poverty-reducing tool has come under criticism. It has been observed that a weak link exists between poor workers and minimum wage. Similarly, in countries such as Nigeria, minimum wage determination is not indexed to price movements, thus nominal wage changes do not adjust for price changes. The consequence of this is that, the worth of minimum wage is rapidly eroded. Few studies exist on this topic in Nigeria, despite its relevance for policy guidance. This study therefore adds to the literature by examining the link between minimum wage and poverty status of its intended beneficiaries in Nigeria, using 2004 and 2009 household survey data. Findings show that, although the minimum wage is targeted at the poor-working group, the link is not strong. More importantly, the minimum wage policy in Nigeria has a marginal poverty-reducing effect. Plausible explanations for the marginal effect are the poor targeting of minimum wage workers and the rapidly declining value of nominal minimum wages overtime. Gradual and regular adjustments of the minimum wage to the consumer price index are recommended, as it will help preserve the worth of the wages.

The belief that minimum-wage legislation helps the working poor is one reason for its continued popular support. (R. Burkhauser, 1989) track the household incomes of low-wage workers and find that a radical transformation has occurred in the half century since the passage of the original minimum-wage law. Today most low-wage workers live in households well above the poverty line. Hence, those living in poverty will get only about 11 percent of the gains from the higher minimum-wage increase proposed in the Kennedy-Hawkins Bill. Low-wage workers in families with incomes three or more times the poverty line will get nearly 40 percent. Thus it is not clear that increases in the minimum wage make good policy even if no jobs are lost as a result.

However, the effect of MW legislation on retail worker wages may depend on the level of the MW relative to the cost of living. A study by (Neumark, 2018) found that MW increases in the US had a larger positive effect on workers in areas with a higher cost of living.

## **2.6 Effects of Minimum Wage Policy on Awareness and Business**

MW policy can have both positive and negative effects on businesses. On the positive side, higher MWs can increase the purchasing power of low-wage workers, leading to increased demand for goods and services (Cengiz D, 2020). This increased demand can benefit businesses, particularly those in low-wage industries.

On the negative side, higher MW can increase labour costs for businesses, leading to potential job losses, reduced hours, or increased prices for consumers (Holmes, 2018) (Pantea, 2020).

The exact effect on businesses may depend on factors such as the size of the business, the industry, and the level of the MW increase.

In terms of awareness among employers and employees, research has found that many employers and employees are not fully aware of MW policies and their rights and responsibilities under these policies (Bhorat & Kanbur, 2019). Increasing awareness through education and outreach programs may be necessary to improve compliance with MW policies.

Wage Indicator (2013) stated that the implementation of MWs is a powerful tool in reducing wage inequality and improving the wages of vulnerable workers. This is supported by (Luebker, 2011) who found that MW policies in developing countries can increase the income of workers from poor households. It has been argued that MW policies do not have a negative effect on low-paid workers, as it can increase their standard of living, consumption levels, and create more job opportunities. Moreover, MW policies can be used to redistribute income and improve the wages of marginalized workers, especially youth, women, and those who are not represented by unions (Wage Indicator, 2013f).

In a Study by (Md Abdul Khaleque, 2023) on the awareness of MW in Bangladesh: Awareness and impact a case of leather sector. The regression analysis was used to find the key social and economic determinants of poverty, along with the components of the minimum wage. In total, 120 workers were randomly chosen for interviews. The study shows that workers are less aware of the minimum wage, and 89% report the non-availability of the minimum wage. Nearly 55% of the workers' families live below the poverty line. The Probit model-based regression results show that the implementation of bonuses and annual increments according to the minimum wage policy reduces the odds of poverty significantly. The presence of workers' unions has no effect on the eradication of poverty, but household characteristics, particularly household size, are found to be a key factor in poverty. Sector experts consider non-compliance a governance failure in the tannery sector and suggest awareness campaigns, a reduction of job informality, and sanctions as deterrents to non-compliance.

## **2.7 Comments on the latest authors of related research**

Many recent studies on the employment effects of MWs have found a negative relationship between MWs and employment, while others have found the relationship to be statistically non-significant or even positive. However, only a few studies have accounted for the fact that labour-market outcomes are spatially correlated.

(Mansoor, 2020) found non compliance rates as high as 90% for some unskilled workers in India. They show that MWs have a positive effect on wages, without a corresponding effect on employment. Another study by (Dustmann C, 2002) found that the MW raised wages but did not lower employment. (Kabatek, 2020) on age dependent MW found that MW rates affect both labor market entry and labor market exit of MW workers. (Roupakias, 2022) interestingly revealed some evidence that an increase in the MW intensity is correlated with higher female employment. The research findings attributed this to the fact that female labour markets are usually less competitive. (Valeriu, Nechita, Patruți, Vladimir Topan, 2021) analysed the relation between the dynamics of MWs and that of employment in 22 EU countries, panel data. The results suggest a negative impact of the MW on total employment and on sensitive categories such as youth, female workers and the elderly.

(Vadean F, 2021) In their study reveal that the introduction of the National Living Wage led, in a short period of time, to an aggregated increase in the wage floor of over 10 per cent for workers in England aged 25 and over. (Bhorat & Kanbur, 2019) studies on compliance levels in developing countries reveal that a large proportion of workers in developing countries earn wages below the legal minimum. For example, In Kenya, non-compliance with MWs soars to nearly 70% in higher-skilled occupations in urban areas. However, not all developing countries have such high levels of non-compliance. In Vietnam, for example, just over 3% of formal and private sector workers earned sub MW. (Luca, 2018) find considerable and predictable heterogeneity in the effects of the MW, and that the impact on exit is concentrated among lower quality restaurants, which are already closer to the margin of exit. They also provide suggestive evidence that the MW drives lower rated restaurants to increase prices. (Asongu, 2014) research on Compliance with MWL holds that non-compliance persists in a number of sectors, a result which appears to be broadly consistent with available empirical evidence.

(Ayşenur Acar, 2019) explores the effects of a large increase in the national minimum wage in Turkey on firms' exit rates from the formal economy. The analysis exploits a unique, linked employer-employee panel data set of the universe of registered firms in all sectors of the economy. The causal impact of the minimum wage hike is estimated by using pre-policy information on the full distribution of wages in registered firms as a measure of exposure to treatment, and by implementing a difference-in-difference estimation strategy. The minimum wage hike is found to increase firms' exit rates from the formal economy by 12 percent. This suggests that firm exits attributable to the minimum wage hike could account for up to one-

third of the total formal employment destruction that occurred between 2015 and 2016. The minimum wage effect on exit rates is found to be larger among firms with low productivity levels before the policy change, and in sectors where profit margins are low. A range of placebo tests and robustness checks indicate that these findings are not driven by trends in unobservable characteristics correlated with exposure to the minimum wage hike.

In another study by (Ibrahim Alhawarin, 2017) The study was concerned with the characteristics of wage and salary workers earning below the minimum wage (MW) in the private sector in Jordan. This study gives considerable cause for concern as we find that MW regulations are noticeably violated by employers. About 16.5% of the workers in the private sector receive wages below the prevailing MW rate, whilst measures of the depth of shortfall (MW-gap) is around 27% (about 41 JD). Unsurprisingly, the study finds that the measures of violation are more acute among informal occupations (about 27%). However, earning below MW tends to be a phenomenon not only in informal sector; rather it extends beyond that to formal activities (almost 6%). In general, female, younger, less educated workers and those employed in micro and small firms are more likely to earn below the applicable MW rate. The study applies descriptive methods and logistic regression in analyzing the data, which was obtained from the first wave of JLMPS (2010).

In a study by (Stijn Broecke, 2017) Abstract Using both qualitative and quantitative (meta-analysis) methods, this paper reviews the growing evidence on the impact of minimum wages on employment in 14 major emerging economies (Argentina, Brazil, Chile, China, Colombia, India, Indonesia, Mexico, Poland, the Philippines, the Russian Federation, South Africa, Thailand and Turkey). Overall, minimum wages are found to have only a minimal impact on employment, and there is evidence of reporting bias towards statistically significant negative results. More vulnerable groups (e.g. youth and the low-skilled) are marginally more negatively affected, and there is some indication that higher minimum wages lead to more informal employment.

(Mario Bossler, 2019) The authors present the first evidence on the consequences of the new statutory minimum wage in Germany, which was implemented on January 1, 2015. Using the IAB Establishment Panel, they identify employment effects from variation in the extent that establishments are affected by the minimum wage. A difference-in-differences estimation reveals an increase in average wages between 3.8% and 6.3% and an employment loss by approximately 1.7% in establishments affected by the minimum wage. These estimates imply a labor demand elasticity with respect to wages ranging between  $-0.2$  and  $-0.4$ . The authors

also observe a transitory reduction of the working hours in the first year after the introduction and that the employment effect seems mostly driven by a reduction in hires rather than by an increase in layoffs.

In a study by (U. Rani, 2013) using household and labour force survey data from 11 developing countries, calculate rates of minimum wage compliance for formal/ informal employees covered by current legislation and assess the average "depth" of violations. Though compliance is negatively related to the ratio of minimum to median wages, countries with a national minimum wage set at a meaningful level typically achieve higher compliance rates than countries with occupational or industry-specific minimum wage systems. However, better compliance - especially for women, ethnic groups, and unskilled and informal workers - also depends on contextualized yet comprehensive minimum wage policies combining union/employer involvement, awareness-raising and credible enforcement.

According to (D. Neumark, 2019), abstract evidence from studies of the employment effects of minimum wages in developing countries is mixed. One interpretation is that there is simply no clear evidence of disemployment effects in developing countries. Instead, however, we find evidence that the heterogeneity is systematic, with estimated effects more consistently negative in studies with relatively more features for which institutional factors and the competitive model more strongly predict negative effects. These features include whether studies: (i) focus on vulnerable workers; (ii) use data for the formal sector; (iii) cover countries where minimum wage laws are strongly enforced; and (iv) estimate effects for countries and periods with binding minimum wages.

(José Azar, 2019) Study on Minimum Wage Employment Effects and Labor Market Concentration tells us that when wages are below marginal productivity, as with monopsony, employers are able to increase wages without laying off workers, but systematic evidence directly supporting this explanation is lacking. In this paper, we provide empirical support for the monopsony explanation by studying a key low-wage retail sector and using data on labor market concentration that covers the entirety of the United States with fine spatial variation at the occupation-level. We find that more concentrated labor markets – where wages are more likely to be below marginal productivity – experience significantly more positive employment effects from the minimum wage. While increases in the minimum wage are found to significantly decrease employment of workers in low concentration markets, minimum wage-induced employment changes become less negative as labor concentration increases, and are even estimated to be positive in the most highly concentrated markets. Our findings provide

direct empirical evidence supporting the monopsony model as an explanation for the near-zero minimum wage employment effect documented in prior work. They suggest the aggregate minimum wage employment effects estimated thus far in the literature may mask heterogeneity across different levels of labor market concentration.

Research done by (Teal, 2019) finds that there is no strong statistical or economic impact of a state's effective minimum wage on its measure of income inequality. Rather, it suggests strong evidence to the contrary - that a state's minimum wage does not impact that state's income inequality, all else equal. Income inequality is a concern for communities across the United States. Since 2009, the federal minimum wage in the United States has remained constant at \$7.25, leading many states to adopt their own effective minimum wage rates. Using the Gini Index calculation for income dispersion, this paper analyzes the effect of variation in the effective minimum wage across states from 2010 – 2017. After controlling for various factors that could affect income dispersion, including a state's controlling political party and median age, I employ a fixed-effect model.

(Sinem Sefil-Tansever, 2023) investigates the impact of the minimum wage on monthly income inequality and its spillover effects in Turkey between 2004 and 2022, utilizing comprehensive micro data. The aim was to shed light on the impact of national minimum wage policies by examining their diverse influences on the wage structure within the country. The findings reveal that the minimum wage significantly reduces income disparities, particularly among formal workers at the lower and upper end of the wage distribution. While wage gaps below the median wage decline, those above it experience a slower growth rate, ultimately leading to wage convergence. Notably, this effect is more pronounced during macroeconomic instability from 2016 to 2022, compared with the relatively stable period of 2004–15. Moreover, the outcomes differ depending on individual attributes like gender, age, education, and other relevant factors. Furthermore, we observe tentative evidence of a lighthouse effect to some degree: the minimum wage seems to exert an equalizing influence on the wage structure of workers in the informal sector beyond a certain percentile.

A study by (Enes Işık, 2020) on the Heterogeneous effects of minimum wage on labour market outcomes assesses the effects of a sharp minimum wage increase on wages, informality, and employment in Turkey, a large developing economy with one of the highest minimum wage-to-average wage ratios among OECD countries and widespread discrepancies between labor market outcomes of women and of men. They look at the quasi-experimental 2016 minimum wage increase and pay attention to identifying information coming from demographic groups.

They find that the increase in the minimum wage had an economically substantial and statistically significant positive impact on wages. Despite the positive wage effects of the increase, we find no negative employment effects. However, we show that the minimum wage increase may have caused an increase in the share of informal employment among workers with less than tertiary education, especially for such workers working for small firms.

(Daniel Aaronson, 2016) documents three new findings about the industry-level response to minimum wage hikes. First, restaurant exit and entry both rise following a hike. Second, the rise in entry and exit is concentrated in chains. Third, there is no change in employment among continuing restaurants. He develops a model of industry dynamics based on putty-clay technology and show that it is consistent with these findings. In the model, continuing restaurants cannot change employment, and thus industry-level adjustment occurs through exit of labor-intensive restaurants and entry of capital-intensive ones. He shows that these three findings are inconsistent with other models of industry dynamics.

Finally in Zambia, (Lupiyya, 2018) in his study on the analysis of the effects of MWLs on employment found that MWL reduced the employment of working-age adults by 0.7 percentage points. This accounts for 14% of the employment rate's total decline over this time period and amounts to 1.4 million workers. A disproportionate 45% of the affected workers were young adults (aged 15 to 24).

## **2.8 Contributions gap to knowledge base of Proposed Study**

Of course, research has already been undertaken into the MW policy on employment in Zambia but relatively little has looked at the retail industry. Through this research I wish to contribute to the knowledge base by focussing on the retail industry and fill the gap on issues concerned with awareness and compliance.

There are only two studies from the United Kingdom based on surveys that explicitly included questions on the awareness levels of the minimum wage (Meager, Tyers, Perryman, & Rick, 2002) (Casebourne, Regan, Neathey, & Tuohy, 2005) some more general studies examined the awareness of employment rights. Against this backdrop, my research paper adds to the literature by providing evidence on a rarely studied but highly relevant topic for labor market policy based on a representative survey among employees in the multinational retail sector in Zambia.

Furthurnore, this research adds the knowledge gap by comparing the large scale retailers to the small scale in seeking knowledge relating to compliance, awareness, education and the effect on employees. Therefore, this paper intends to contribute to available knowledge and could be used in further research. By conducting a comprehensive analysis of the policy's effect on small and large businesses in the Retail Sector, this study seeks to fill the gaps in knowledge identified in the literature review. The findings of this study provides insights into the effectiveness of the MW policy in terms of awareness and compliance thereby reducing poverty in Zambia. This will be useful for policymakers, who can use the findings to design more effective poverty reduction strategies. By conducting a survey of the MW on employment in Lusaka Province, this study aims to provide insights into the effects of these policies on employment. Additionally, this study will shed light on the effect of the MW policy on small businesses in Lusaka province. The findings will provide insights into how small businesses can be supported to comply with the policy without compromising their financial sustainability.

## CHAPTER THREE

### METHODOLOGY

#### 3.0 Overview

The methodology section of this study provides a plan for collecting evidence to achieve the research objectives. The research design chosen for this study is a survey research design. A survey research design is chosen as it allows the researcher to collect data from a large population in a cost-effective and timely manner (Babbie, 2017).

#### 3.1 Research Design

This study used a survey research design to collect data on the effects of MW policy on employers and employees in Lusaka Province. Survey research is a suitable design for collecting data from a large population within a short period (Babbie, 2017). In this study, a structured questionnaire will be used to collect data from a sample of employers and employees in Lusaka Province.

#### 3.2 Study Area

The study area or site provides a description of the location where the study will be conducted. This description should include the geographical boundaries, physical characteristics, and any relevant information that could affect the research (Gall MD, 2007) The study was conducted in Lusaka Province, Zambia. The province was chosen because it has the highest population density and is home to a large number of businesses and employees in the country.

#### 3.3 Study Population

The study population provides a description of all the intended respondents or participants (Creswell, 2014). The population included employers and employees in the multinational retail sector. The table below shows the study population in the targeted multinational retail businesses obtained from Workers' compensation fund control board (WCFCB).

**Table 3.3.1. Study Population**

Business Name	Number of Stores	Study Population
Choppies Supermarkets	5	180
Pick n Pay Limited	4	211
Shoprite Limited	5	288

Zambeef Products Limited	8	185
Builders Warehouse Limited	2	144
<b>Total</b>	<b>24</b>	<b>1008</b>

Source: WCFCB

### 3.4 Study Sample

Qualitative studies are not concerned about the numbers or representatives of the target population as noted by (Steinberg, 2009). This study used convenient and purposeful sampling in the selection of the employers whereas, multistage sampling technique was used to select a representative sample of employees from the selected employers or retail outlets from Lusaka Province. Finally, a random sample of employees was selected. The number of employees per retail business outlet was obtained from WCFCB.

#### Calculation of the sample size;

In deciding the Sample size, Yamane's formula was used. i.e.  $n = N/(1+N(e)^2)$ .

The variables in this formula are:

$n$  = the sample size;  $N$  = the population of the study;  $e$  = the margin error in the calculation

The margin error in the calculation will be set at 8% or 0.08

$N=1008$

Using Yamane's formula and allowing a +/- 8% margin or error, this means the sample size,  $n = 1008 / (1+(1008*0.08*0.08)) = 135$

Therefore, the study had 135 respondents comprising 130 Employees and 5 Employers from within the multinational retail stores represented by Choppies Supermarkets, Pick n Pay Limited, Shoprite Limited, Zambeef Products Limited, Builders Warehouse Limited.

### 3.5 Sampling Techniques

The study used stratified random sampling and simple random sampling techniques to select the study sample. Stratified random sampling was used to ensure that the sample is representative of the different retail shops in Lusaka Province. Simple random sampling was used to select the sample of businesses and employees from each district.

### **3.6 Instruments for Data Collection**

Data collection instruments refer to the tools used to collect data, such as questionnaires, surveys, interviews, or observation forms. These instruments must be valid and reliable to ensure the accuracy of the data collected (Gall MD, 2007). The primary data collection instrument used was a structured questionnaire that was administered to the employers and employees. The questionnaire comprised closed-ended questions that were designed to collect data.

### **3.7 Procedure for Data collection**

The data collection procedure and timeline provide an explanation of how the data will be collected, its nature, and the estimated time required to collect the data (Creswell, 2014). The data collection procedure will involve administering the structured questionnaire to the selected employers and employees in Lusaka Province.

### **3.8 Data analysis**

Data analysis instruments and procedures refer to the tools and procedures used to analyse data. This section provides a description of the statistical methods or software that was used to analyse the data, as well as the justification for their use (Gall MD, 2007). The collected data was analyzed using descriptive statistics and inferential statistics. Descriptive statistics was used to summarize and describe the collected data, while inferential statistics was used to test the hypotheses of the study. Excel & SPSS software was used to analyse the data.

## CHAPTER FOUR

### PRESENTATION OF RESEARCH FINDINGS

#### 4.0 Overview

This chapter presents the findings and discussion of the study on the effects of the minimum wage policy in the retail sector. Presentation of the data gives thematic summaries of the data as obtained from the field. Following the demographic profile, the results in this chapter are organised around the research themes being research questions. The qualitative part has two aspects of data presented and this is manifest content (what actually the respondents stated verbatim) can be called „the original meaning“ and latent content (what this implies from the researcher’s point of view). There are however, no original meanings (some say descriptions of researchers). However, there are also descriptions, which tend to be personalised by researchers and include the researcher’s observations and interpretations. This approach borrows heavily from Wolcott (1994; 1995). The double hermeneutic exemplars in this chapter may vary not only in content but in style too and it is expected in a quantitative research that has a critical approach like this one as observed by Van Maanen (1988).

#### 4.1 Demographic Profile

This unit explains the demographics of the research participants. The data from this unit helps give clarity on the viability of the source of research data in terms of training, experience, gender and some other key demographics.

##### Gender

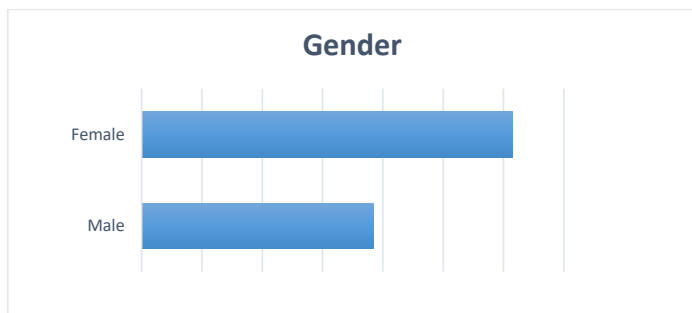
In this study, retail work is predominantly performed by women i.e.  $n = 80$  (62%) and men  $n = 50$  (38%) as seen from Table & Chart 4.1.1 below. The gender difference is significant  $p = 0.04$ . A test of difference in age between male and female workers was done using two sample t test and the outcomes were  $t = 60.1$ ;  $df = 451$ ;  $p = 0.001$ .

Table 4.1.1 Gender profile

Gender		
Variable	Frequency	Percent (%)
Male	50	38
Female	80	62
<b>Total</b>	<b>130</b>	<b>100</b>

Source: The Researcher

Figure 4.1.1 Gender Profile



Source: The Researcher

### Age

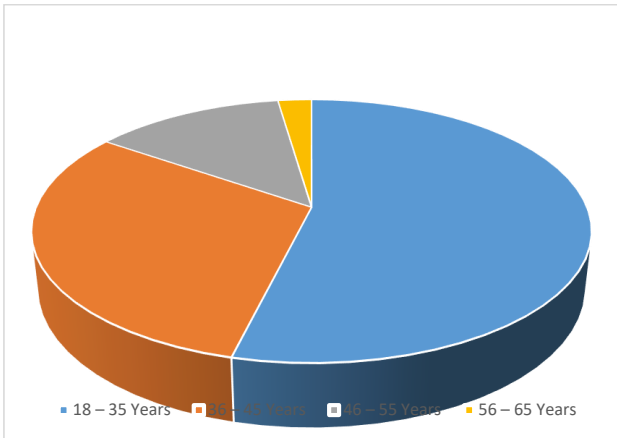
The study sample was rather youthful and this is demonstrated by the sample mean age (24.9 ± 4.5 SD). See table 4.1.2 & figure 4.1.2 below; The mean age for male retail workers was 31(1.4±SD) and for female retail workers was 29 (± 3SD). Within the study sample, the youngest was 20 and the oldest was 57.

Table 4.1.2 Age Profile

Age		
Variable	Frequency	Percent (%)
18 – 35 Years	70	54
36 – 45 Years	40	31
46 – 55 Years	17	13
56 – 65 Years	3	2
<b>Total</b>	<b>130</b>	<b>100</b>

Source: The Researcher

Figure 4.1.2 Age Profile



Source: The Researcher

### Education Profile

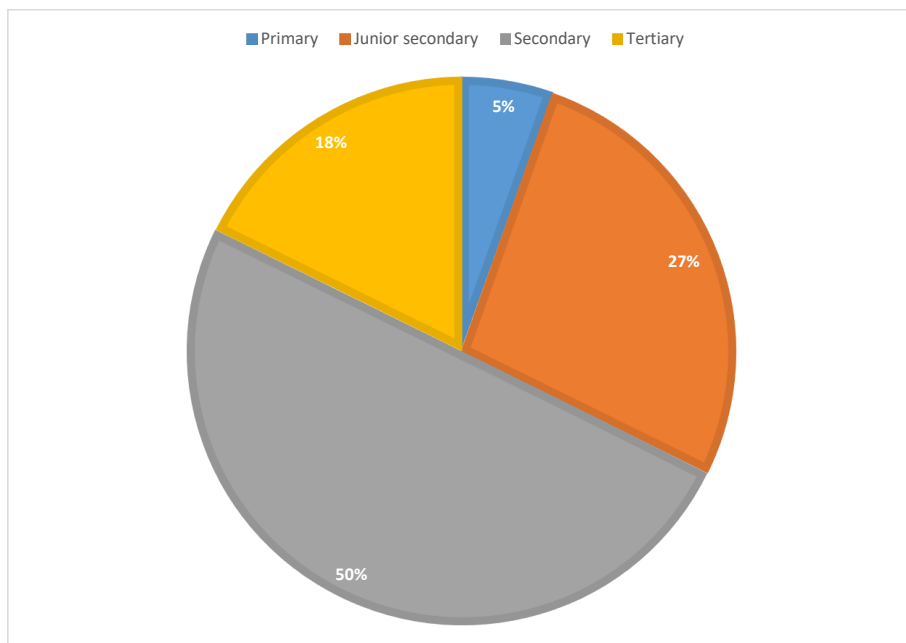
On average In terms of education attainment, the study found that respondents had some form of education which made them able to read the questionnaire items. Majority of respondents n = 65 (50%) reached Secondary School level whereas the other 50% was comprised of Primary n = 5, junior secondary n = 27% and Tertiary n = 18%. See table 4.1.3 & figure 4.1.3 below;

Table 4.1.3 Education Profile

<b>Education</b>		
<b>Variable</b>	<b>Frequency</b>	<b>Percent (%)</b>
Primary	7	5
Junior secondary	35	27
Secondary	65	50
Tertiary	23	18
<b>Total</b>	<b>130</b>	<b>100</b>

Source: The Researcher

Figure 4.1.3 Education profile



Source: The Researcher

### Marital status

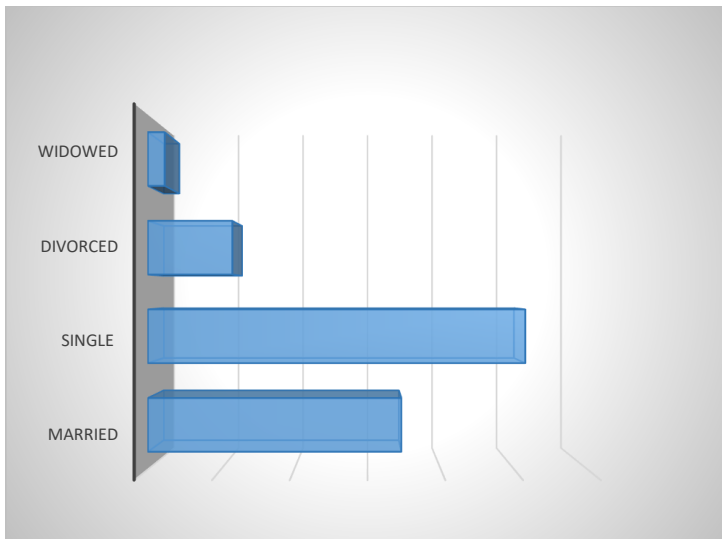
In terms of marital status, n = 45 (35%) were married, n = 67 (52%) were single and n = 15 (12%) were divorced. See table 4.1.4 & figure 4.1.4 below;

Table 4.1.4 Marital status

Marital status		
Variable	Frequency	Percent (%)
Married	45	35
Single	67	52
Divorced	15	12
Widowed	3	2
<b>Total</b>	<b>130</b>	<b>100</b>

Source: The Researcher

Figure 4.1.4 Marital Status



Source: The Researcher

#### 4.2 Awareness of the MW Policy on employment

This section presents results on the levels of awareness of the MW policy among retail workers as well as employers. From table 4.2.1 below, it is clear that out of the total sample of 135 respondents, n = 98 of them, representing 73% were aware of the MW policy. The remaining 27% indicated that they had not heard of the MW policy.

Table 4.2.1 Awareness of the MW Policy

	Frequency	Percent (%)
<b>Are you aware of the MW policy?</b>		

Yes	98	73
No	37	27
TOTAL	135	100
<b>Source of information</b>		
a. Media	88	65
b. Friends	5	4
c. Relative	3	2
d. Employer	39	29
<b>Total</b>	<b>135</b>	<b>100</b>
<b>Who does the MW apply to</b>		
a. Public sector	27	20
b. Private sector	23	17
b. Private & Public sector	85	63
c. Other	0	0
TOTAL	135	100
<b>Knowledge of the MW rate for shop workers</b>		
Yes	17	13
No	118	87
TOTAL	135	100

Source: *The Researcher*

Regarding the source of information on the MW policies n = 88 (65%) were made aware through the media which represents more than half of the population. Other sources were the employers n = 39 representing 29%, friends n = 5 (4%) and relative n = 3 (2%).

Paul and Chikondi from Shoprite, when asked about how they were made aware on the MW policy said, “We read in the newspaper and on Facebook.”

I further asked Grace from Choppies Chilenje who said, “a few years ago, they announced the MW on ZNBC news and that’s how I knew about it.”

On the question regarding who the MW applies to n = 85 (63%) indicated both the Private and Public sectors. 20% selected only the Public sector whereas 17% the private sector only representing n = 27 and n = 23 respectively.

118 respondents representing 87% do not know the MW rate for retail workers whereas n = 17 (13%) are aware of the MW rate for retail workers.

#### 4.3 Compliance to the MW Policy

Table 4.3.1 Compliance to the MW Policy

	Frequency	Percent (%)
<b>Is there compliance with the MW policy</b>		
Yes	118	87
No	17	13
TOTAL	135	100
<b>Salary range</b>		
a. K500 - K1000	0	0
b. K1000 - K2000	0	0
c. K2000 - K3000	17	13
d. K3000 - K4000	87	67
e. >K4000	26	20
TOTAL	130	100
<b>Are there consequences for non-compliance</b>		
Yes	128	95
No	7	5
TOTAL	135	100
<b>What are the Consequences</b>		
a. Legal action	85	63

b. Fines	32	24
c. Suspension of business	17	13
c. Other (please specify	1	1
TOTAL	135	100

Source: The Researcher

The results of the study in establishing whether there is compliance or not indicates n = 118 respondents representing 87% answering “Yes”. The rest n = 17 representing 13% indicated that there is no compliance to minimum wage by their employers.

*Julius from Pick n Pay Woodlands answered with confidence when asked if his company is Compliant with the Minimum wage law. He said, “Pick n Pay is a big company and it definitely wouldn't disobey the law, ‘yes’ we are paid according to the minimum wage.”*

Income is the second dimension of livelihood. It is interesting to note that all the respondents indicated getting a monthly salary of minimum K 2000 i.e. n = 17 (13%), are getting between K2000 and K 3000, n = 87 (67%) between K3000 and K4000 and finally n = 26 (20%) more than K4000. According to the MW act effective September 2018 to December 2023, The Minimum Wage for the Shop worker particularly a Parker is K1, 994.40 and K 2,451.30 for a Checkout Operator.

Asked if there are consequences to non-compliance, n = 128 (95%) answered “yes”. The remaining n = 7 representing only 5% with a ‘no’. In terms of the consequences to non – compliance, more than half of the respondents n = 85 (63%) indicated “legal action” as a consequence that the business would face. Others pointed out fines n = 32 (24%), ‘suspension of business’ n = 17 (13%) and ‘other’ n = 1 (1%).

*Bertha from Zambeef Chongwe said, “If they don't pay us according to the MW policy, the government can take them to court.” Mary on the Contrary said, “They risk having the business being closed if they don't follow the MW law.”*

#### 4.4 Effects of the MW Policy

Table 4.4.1 Effects of the MW Policy

	Frequency	Percent (%)
<b>Are there effects of MW policy on wages</b>		
Yes	127	94.07
No	8	5.93
TOTAL	135	100.00
<b>What are the effects on wages</b>		
a. Increase in wages	127	94.07
b. No effect on wages	8	5.93
c. Decrease in wages	0	0
d. Other	0	0
TOTAL	135	100.00
<b>MW effects on business (Employers)</b>		
Yes	5	100.00
No	0	0
TOTAL	5	100.00
<b>What kind of effects on business (Employers)</b>		
a. Increase in costs	0	0
b. Decrease in profits	5	100.00
c. No effect on business	0	0
d. Other (please specify):	0	0
TOTAL	5	100.00

Source: The Researcher

On whether there are effects of the MW policy on the wages, 127 respondents out of 135 answered 'yes' i.e. n = 127 (94.07%), the balance of n = 8 (5.93%) said 'No'.

*Mary from Choppies Kafue answered, “The MW policy is good to the workers as it enables them to get decent salaries.” “However, it puts pressure on the businesses if they are not making profit.”*

In terms of the kind of effects that come with the MW policy wages, the same number of 127 respondents that answered ‘yes’ also pointed ‘the increase in wages’ to be the main effect on the wage structure. None of the respondents suggested a decrease in wages. However, n = 8 (5.93%) indicated that the MW policy has No effect on the wages.

*Kennedy from Pick n Pay Waterfalls answered, “Whether, they increase the MW or not, I have never felt any effect on my salary.” He believes that the MW policy does not have any effect on the salaries.*

On the other hand, all the employers i.e. Choppies Supermarkets, Pick n Pay Limited, Shoprite Limited, Zambeef Products Limited & Builders Warehouse Limited said ‘yes’ to the effects of the MW policy on the business. I.e. n = 5 (100%). They all indicated a decrease in profits as the main effect on the business adding that they have to abide by the law even in circumstances when they are operating on losses.

## **CHAPTER FIVE**

### **DISCUSSION OF FINDINGS**

The aim of this study was to investigate the effects of the Minimum Wage Policy on employment in the retail sector particularly in Lusaka Province. The study scope was the multinational retail sector. I.e. businesses operating in more than one country as well as employees working for Multinational businesses. Specifically, the study was designed to answer the following research questions:

- i. To what extent are the workers aware of the Minimum Wage policy?
- ii. To what extent is compliance to the Minimum Wage policy in the retail sector?
- iii. What are the effects of the Minimum Wage policy on the employees?

The answers to the research questions are presented below:

#### **5.2 Awareness**

This research provides insights into the awareness levels of the minimum wage. To the first research question, “How aware are the workers on the MW policy?” The findings are that the vast majority of workers know that there is a minimum wage in force in Zambia i.e.  $n = 98$  (73%), comparatively few employees know the exact amount of the minimum wage i.e.  $n = 17$  (13%). Interestingly, most sociodemographic determinants, such as sex, age, education, marital status, or form of employment, are barely correlated with this knowledge. However, both aspects of awareness of the minimum wage are found less often among employees in the retail sector, for whom the statutory minimum wage is likely to be of particularly high relevance, than among employees with higher wages. This study has affirmed what was found by (Bhorat & Kanbur, 2019) that many employees are not fully aware of MW policies and their rights and responsibilities under these policies. Increasing awareness through education and outreach programs may be necessary to improve compliance with MW policies. Knowledge about the MW is a prerequisite for the ability to ask the employer about entitlements. To increase awareness of the exact minimum wage level, one size-fits-all campaigns or measures are unlikely to successfully address awareness shortfalls among specific groups of employees. Instead, campaigns or measures targeted specifically at low wage earners may be better suited to address the fundamental differences in the labor market knowledge.

Empirical findings on employees' awareness of the level of the minimum wage and the determinants influencing such awareness are rare. There are only two studies from the United Kingdom based on surveys that explicitly included questions on the minimum wage (Meager et al. 2002, Casebourne et al. 2006); some more general studies examined the awareness of employment rights (e.g., Fischer et al. 2015 for Germany, Masso and Kadarik 2014 for Estonia). Against this backdrop, my research adds to the literature by providing evidence on a rarely studied but highly relevant topic for labour market policy based on a representative survey among Zambian employees in the retail sector. Further studies deal with the awareness of employment rights more generally but do not cover minimum wage levels in particular. Fischer et al. (2015) conducted a representative survey of 7,600 employees in Germany, investigating, among other things, their awareness of employment rights, e.g., rules regarding paid vacation or sick pay. They found that people in marginal employment (so-called "Minijobs") had been significantly less informed than people in part-time or full-time jobs. Marginal employment is a specific form of employment in which employees can earn 450 euros per month free of income tax and social security contributions, though they receive no health insurance and only optional pension insurance.

Masso and Kadarik (2014) report results from a representative survey of 1,300 employees and jobseekers in Estonia. The study evaluates the awareness of employment rights in these two groups of the labor force. The authors conclude that awareness of employment rights is higher among better qualified workers. Pollert (2005) reports findings from a random survey of 476 people's awareness of general employment rights in shopping centers in the West Midlands (UK). The study denotes that women, ethnic minorities, young people and the low paid were the least likely to be aware. Furthermore, 97 percent of the respondents were aware of the National Minimum Wage, which is in line with the findings from Meager et al. (2002) and Casebourne et al. (2006) for the UK. However, there was no further question on the knowledge of its actual level.

### **5.3 Compliance**

To the research question, “What is the level of compliance to the MW policy in the retail sector?” In general, the compliance levels presented here indicate that there are fairly high levels of compliance in the multinational retail sector businesses across Lusaka Province. When asked if their employer is compliant with the MW policy, 87% of the respondents answered “Yes” whereas 13% responded with a “No”. This study further shows that no employee in the multinational retail sector gets a monthly salary of less than K2000. It further indicates that 13% of the respondents earn between K2000 and K3000, 67% earn between K3000 and K4000 and 20% more than K4000. This is evident that employees in the Multinational retail companies are paid within the prescribed MW brackets. 95% of the respondents indicated that noncompliance to the MW may lead to consequences. 63% specified that the business may suffer legal action. Recently, minimum wage compliance has received increasing policy attention (see, for instance, ILO 2017; Low Pay Commission 2020). Policy papers identify several soft factors in addition to government enforcement that can help increase compliance, e.g., sufficient information and knowledge about the minimum wage or clarity and transparency about the applicable regulations (Benassi 2011).

According to Borat (2014) compliance is dependent on several factors that are specific to each labour market. In particular, developing countries have low levels of compliance to the minimum wage laws. These countries are generally constrained in terms of resources and therefore, a measure that simultaneously protects employees and incentivizes firms to comply with the law is needed. Factors identified to influence enforcement are: institutional factors, individual characteristics of inspectors, firm characteristics and local labour market characteristics. Institutional factors relate to number of minima in the labour market, the structure of penalties, resource allocation to enforcement agencies and awareness of the law. The importance of these factors varies in each country. Education, experience and age of inspectors are also key in determining the level of enforcement. Firm characteristics regarding firm size, number of previous violations, distance from enforcement agencies and if there is foreign ownership also have an effect on compliance of employers.

### **5.4 Effects**

To the third research question, “What are the effects of the MW policy on the employees?” 94% of the respondents indicated an increase in the wages as one of the effects of the MW policy. While 100% of employers indicated decreased profits as one of the effects of the MW policy. This study has affirmed what was found by Allegretto S, 2018 in his study of six US

cities where he found that MW increases led to an average wage increase of 5.2% for retail workers. Similarly, a study by (Doucouliagos H, 2019) analyzed 82 studies on the effects of MW increases and found that the overall effect on employment was small, while the effect on wages was significant.

One study found that a \$1 increase in the minimum wage boosts household income by roughly \$250 and spending by approximately \$700 per quarter (in 2005 dollars) in the year following the increase (Aaronson, Agarwal, and French 2012). Studies of wage inequality consistently find that higher minimum wages are associated with reduced wage inequality, though the magnitude of the effect is disputed (Belman, Wolfson, and Nawakitphaitoon 2015). Some debate also remains about the employment impacts, although the weight of the evidence points to insubstantial or no disemployment effects related to modest increases in the minimum wage (Schmitt 2013).

A prominent study that examined policy discontinuities at state borders identified the effects of minimum wages on earnings and employment in restaurants and in other low-wage sectors (Dube, Lester, and Reich 2010). Analyzing cross-state contiguous counties, the authors found strong earnings effects and no employment effects from minimum-wage increases. Observing a six-year time window around a given minimum-wage change, the authors found that employment is stable both before and after the minimum-wage increase. They found similar results when extending the analysis to the hospitality and retail industries.

There are several challenges surrounding minimum wage development in Zambia. The main problem that needs to be taken into account in setting the minimum wage is the predicament of unemployment (Neal, 1996). It has been argued that some workers inevitably become unemployed following a minimum wage rise (Neal, 1996). Economists worldwide have acknowledged that MW increases result in a trade off, and no matter how well intended, always come with a price, in form of lost jobs for some, and increased benefits for others, especially those who are better off because they have jobs (Stigler, 1946). According to (Stigler, 1946), minimum wage legislation as an anti-poverty policy instrument has deficiencies because it has been seen to lead to effects contrary to the objectives of policymakers. According to the study by University of Chicago on the characteristics of low wage earners in America, it revealed a strong relationship between unskilled workers and low-wage rates.

Although standard economic theory predicts that increases in minimum wages would price at least some low-wage workers out of jobs and therefore decrease employment, ample research provides evidence to the contrary. One reason for this is that employers adjust to increases in

the minimum wage in ways other than reducing employment. A 2013 literature review finds that the most significant means by which businesses adjust to increases in the minimum wage are by reducing labor turnover, which decreases overall hiring and training costs; improving organizational efficiency; reducing wages of higher earners; and enacting modest price increases that are passed on to consumers (Schmitt 2013).

A 2006 case study examining the impact of the San Francisco and Santa Fe minimum-wage laws on employment and on large retail businesses determined that these policies did not lead to an exodus of major retail businesses from those two cities (Dube et al. 2006). A related study of these two cities found that small establishments did not respond to minimum-wage changes differently than larger firms. Researchers found that small establishments in San Francisco and Santa Fe did not experience systematic changes in employment (Schmitt and Rosnick 2011). Similarly, a second study that examined five state-level minimum wage increases found evidence of an economically insignificant effect on employment two years after the increase (Aaronson et al. 2018).

## **5.5 Chapter Summary**

This chapter was concerned with discussion of the findings and making reference to other studies elsewhere. The study discussion was guided by the research objectives established in chapter one. The discussion of the findings have helped create a base of reference on the impact of minimum wage to businesses in Zambia. It has further, provided data for reference for policy makers and implementers of the minimum wage policy. The next chapter presents the conclusions of the study, recommendations and suggestions for further study.

## CHAPTER SIX

### CONCLUSION AND RECOMMENDATIONS

#### 6.1 Conclusion

This research has provided insights into the factors influencing employees' awareness of the minimum wage. While the vast majority of workers know that there is a minimum wage in force in Zambia, comparatively few employees know the exact amount of the minimum wage. While knowledge about employment rights is not the only factor that enhances compliance, it is an important element to strengthen employees' bargaining position in the labor market (Fischer et al. 2015, Department for Business, Innovation and Skills 2014). To increase awareness; campaigns or measures targeted specifically at low-wage earners may be better suited to address the fundamental differences in their labour market knowledge. In Terms of compliance levels, this study finds high levels of compliance as all the respondents indicated wage rates that are either within or more than the statutory minimum wage brackets. Therefore, based on my findings, I came to the conclusion that multinational retail businesses in Zambia are compliant to the MW policy. The study examines the effects of the MW policy on employees. The findings suggest a positive impact on the wages as employees salaries are within the MW brackets for workers in the retail sector.

The study also established the effect of the minimum wage policy on businesses in the multinational retail sector. The effects of the policy include: Minimum wage increases cost of business; minimum wage may drive businesses out of business entirely; may increase unemployment rate; business substitute technology for workers; result in reduction in operating hours; result in business crunch; increases labor costs; may force businesses to become redundant; results in inelastic demand for goods; raises production costs; force businesses to shift to capital intensive productions; and, result in closure of small businesses. The minimum wage policy and its effects have been widely explored by researchers in developing and developed countries. The MW laws were initially put into practice in New Zealand, Australia, U.K and the U.S more than a century ago. Specific minimum wages are allocated to eleven sectors which are regarded as vulnerable, as outlined in the Basic Conditions of Employment Act. Workers in these sectors are generally low-paid and low-educated people who are living in poverty. The minimum wage differs for each sector, where it is then further differentiated by job type, location and hours worked.

This research also has also brought to light the fact that ensuring compliance with legal provisions are major concerns to developing countries, and to Zambia in particular. In this

regard there are still ample opportunities for growth. Enforcement to ensure compliance with minimum wage policies is essential in enhancing the possible positive effect of such policies. “Without effective enforcement, rights in statutes become rights on paper only”. The success of a minimum wage policy depends, to a large extent, on the compliance that is achieved in relation thereto. Any policy loses its value if there is no compliance to the provisions of such policy. The more people comply with the minimum wage policy, the more likely the policy is to benefit a greater number of people. Literature suggests that it's not the lack of minimum wage provisions that is the problem in developing countries, but rather the lack of enforcement due to limited financial and personnel resources. Effective enforcement of the provisions of said policy, combined with adequate measures to address non-compliance, are crucial in promoting compliance with any policy. Enforcement in terms of minimum wage policies is mostly achieved through the use of labour inspectors who "derive their authority from labour codes or national laws". Labour inspectors are at the forefront of ensuring labour compliance with standards. The enforcement challenge is confirmed by (Bhorat & Kanbur, 2019) who states that; "in most developing countries, a substantial share of workers still earn less than the legal minimum wage". The lack of compliance can be attributed to imperfect enforcement. Studies also suggest relatively elevated levels of non-compliance in Brazil among certain vulnerable groups, despite the country having a good enforcement model. Various studies have found that intensified compliance efforts, with the use of an increased number of labour inspectors, correlated with higher compliance levels. Furthermore, studies also indicated that a higher unemployment rate correlated with increased levels of non-compliance. This fact might be attributed to the fact that people, specifically the unemployed, are willing to accept work paying below the determined minimum wage.

## **6.2 Recommendations**

Based on the findings of the study outlined above, various recommendations can be made.

- 1.The government through the Ministry of Labour and Social security must conduct awareness campaigns about minimum wage policy to raise sensitization.
- 2.All stakeholders and the general public should be consulted and engaged in determining a minimum wage. This might create a greater sense of understanding and acceptance of a minimum wage, which might reflect positively in terms of compliance.
3. The government should introduce a policy where businesses that do not comply with the minimum wage are sanctioned or legal action is taken.

4. The ministry of labor and social security must set up a monitoring task force which will monitor non-compliance and punish the culprits.
5. Workers should be encouraged to speak out against employers who do not comply with legal provisions. To encourage this, sufficient legal protection should be awarded to workers who decide to speak out. Legal protection in this regard will protect the worker against possible employer retaliation and as such, workers might be more inclined to speak out against non-compliance and demand their legal rights.
6. It is recommended that certain sectors or regions prone to non-compliance be prioritised as to utilise the limited resources as efficiently as possible. Accordingly, specific attention should be given to these sectors that are considered most at risk for non-compliance.

It is hoped that these recommendations once implemented will greatly enhance minimum wage compliance levels.

### **6.3 Further Research**

This research makes it clear that many questions remain unanswered in the debate around minimum wages particularly in the retail sector and that considerably more research will be needed to answer these. First, minimum wage analyses often take the minimum wage as a given, and look at the impact of increases in that minimum wage on employment. Very few studies ask the question of what would happen in a world without minimum wages. Second, while this study reviewed more than 20 studies, differences in sub-samples and, in particular, methods used across papers often make it very difficult to compare the results. Third, while minimum wages in developing countries appear to have little overall effect on employment, the reasons for why that might be remain unclear and, in particular, the extent to which non-compliance plays a role. Finally, the present study focused on employment effects of the minimum wage. While most research is in this area, there is an important need also to understand what effect minimum wages might have on both poverty and inequality in emerging economies. Such further research is also critical from a policy perspective, and the regular monitoring and evaluation of the impact of minimum wages should become institutionalised in those emerging economies where this is not already the case. To stimulate such analysis, it is of course important to improve access to better data, but also to set up dedicated bodies where such information can be exchanged and discussed. In some countries,

decisions on minimum wage increases are taken by independent expert commissions that base their recommendations on accurate, up-to-date and impartial information and advice that carefully considers current and future labour market conditions. With regards to uprating minimum wages, the results of this paper also support the practice of regular adjustments, rather than infrequent and very large increases, which are more likely to have negative employment effects. Regular updates, especially where they are combined with independent expert commissions, also reduce the risk of minimum wage policy be influenced by political considerations, paying little heed to current and future labour market conditions.

Research gaps still exist on the Long Term Employment Effects of the Minimum Wage. The research done in Germany indicate a small negative effect on dependent employment of 0.5 percent, no significant effect on employment subject to social security contributions, and a significant negative effect of about 2.4 percent on marginal employment until the first quarter of 2022. The extended specifications suggest additional effects of the minimum wage increases, as well as stronger negative effects on total dependent and marginal employment for those regions that were strongly affected by the minimum wage in 2015 and 2019 (Olthaus, Marco, Pestel, & Pestel, 2023). Different specifications and extensions of the classic difference-in-differences approach as well as a set of new estimators that enables for unbiased effect estimation with a staggered treatment adoption and heterogeneous treatment effects.

From this research, it is clear that less attention has been dedicated to the long-term effects on wages, earnings, and income. Another author highlights that researchers know relatively little about the dynamic, long-run effects of the minimum wage (Neumark 2018). Moreover, very little research examines the MW effects on income, inequality, or poverty by race (Belman, Wolfson, and Nawakitphaitoon 2015). Similarly, the literature has focused predominantly on employment effects.

Directly identifying the employment effect of minimum wages for affected workers would yield a more accurate sense of how MW increases influence the earnings of the lowest-skill workers who are the intended targets of a minimum wage increase, and it could help reconcile conflicting findings throughout the literature about the employment effects of minimum wages. Further, empirical research providing a tighter link between workers affected by the minimum wage and the employment effects they experience can sharpen our understanding of the policy implications of higher minimum wages (Neumark 2017).

Another area that requires further exploration is the effect of the MW policy on small businesses in Lusaka province. Studies have shown that small businesses may struggle to comply with the MW policy due to their limited financial resources and may be forced to lay off employees or reduce their work hours (Wascher, 2007) However, other studies suggest that the MW policy may have a positive effect on small businesses by increasing the purchasing power of low-income earners, thereby stimulating demand for goods and services (Lee, 1999).

A study by (A. Prasetyo, 2022) on the Minimum Wage Provisions in Micro Enterprises and Small Businesses revealed that a common problem for micro and small businesses is that they cannot meet the minimum wage requirements because the economic capacity of their own businesses is different from that of large businesses. Through the Employment Creation Act, the government finally made changes to the labor cluster by providing special rules for micro and small businesses in terms of providing wages below the minimum wage. The problems studied in this research were regarding the requirements to be able to provide wages below the minimum wage provisions and how to provide wages under the minimum wage provisions. The results of the research are an explanation of the conditions for businesses that can pay their workers' wages below the minimum wage, how to make a Collective Agreement so that they can pay wages below the minimum wage.

Among the research gaps identified is the “Setting of the Minimum Wage”. While there is a large body of theoretical and empirical research on the effects of minimum wages on employment, unemployment and the wage distribution, much less attention has been devoted to date to the process leading to the determination of the level of the minimum wage. There is some empirical literature on the time-series variation of minimum wages (e.g., Williams, 2009). However, to my knowledge there has not been to date any systematic attempt to either relate preferences on the level of the minimum wage to the fixing regimes and to use the heterogeneity in fixing regimes in explaining the cross-country variation in actual minimum wage levels. The analysis of the interactions between minimum wages and fixing regimes can be valuable in assessing the relevance of policy endogeneity in empirical analyses of the effects of minimum wages on the labor market. The huge literature on the effects of minimum wages on employment and the wage distribution rarely addresses policy endogeneity. When it does so it typically uses as identifying assumption the time invariance of the unobserved heterogeneity which could affect both, employment and minimum wage levels. However, minimum wages are likely to respond to changing macroeconomic conditions, including employment and unemployment levels.

Another area that requires further exploration is the effect of the MW policy on racial inequality particularly in Zambia. To my knowledge, I have not come across any research paper that has explored the Minimum Wage effects on racial inequality particularly in Zambia or the Sub Saharan Region. In the US, (Wursten and Reich, 2021) examine why minimum wages reduce racial inequality. They found that Low-wage Black workers on average live further from jobs and are less likely to own cars. Minimum wage increases allow Black workers to acquire cars, greatly extending the job opportunities within their grasp. Minimum wages also reduced racial gaps in employee turnover, further indicating that the policies enhance job opportunities for Black workers.

Another study by (Sara Alhaif, 2019) on the “Differential Effects of Labour Tightening on the Black-White Wage Gap, the Role of the Minimum Wage” investigated two comparative views of wage-setting based on labor mobility during the business cycle. It also examined whether the changes in the minimum wage play any significant role in wage dynamics for black and white workers. They used statelevel panel data for the period (Q3, 2000 – Q3, 2019). The research found that the job to job transition rate dominates the unemployment to employment movement rate in explaining both; stable and new hire earnings fluctuations in the labor market. Additionally, this paper highlighted the importance of the minimum wage ripple effects in the labor market dynamics and its missing role in narrowing the racial wage gap.

The Gender based gap effects of the MW has not been extensively researched. Research by (Olivier Bargain, 2019) found that Women are disproportionately in low paid work compared to men so, in the absence of rationing effects on their employment, they should benefit the most from minimum wage policies. This study examines the change in the gender wage gap around the introduction of minimum wages in Ireland and the United Kingdom. Using survey data for the two countries, they develop a decomposition of the change in the gender differences in wage distributions around the date of introduction of minimum wages. They separate out 'price' effects attributed to minimum wages from 'employment composition' effects. A significant reduction of the gender gap at low wages is observed after the introduction of the minimum wage in Ireland while there is hardly any change in the UK. Counterfactual simulations show that the difference between countries may be attributed to gender differences in non-compliance with the minimum wage legislation in the UK. (Wittbrodt, 2021) analysed the impact of the German minimum wage introduction on gender inequality in hourly wages. In January 2015, Germany introduced a statutory nationwide wage floor with only few exemptions. The reform denoted an important intervention for the

German labor market, translating into a wage increase for about 10 percent of the eligible employees. Accordingly, recent literature has identified a positive impact of the wage floor on hourly wages at the bottom of the wage distribution. Since women are often found to be overrepresented among low-wage employees, a wage floor could benefit them particularly and could thus pose a suitable policy tool to fight gender inequality. Our paper draws upon that notion and estimates the relationship between the German wage floor and the gender pay gap. Making use of detailed individual data from the Socio-economic Panel (SOEP) and the Structure of Earnings Survey (SES) we employ a regional difference-in-difference approach as well as wage decompositions.

To further our understanding of this dynamic, future research should try to determine how reductions in job-to-job transitions affect the earnings profiles of low-skilled and young workers as well as workers of color. Do minimum-wage increases lead to reduced overall earnings growth over time as workers stay longer at lower wage positions? Do other factors, such as replacement costs and more intensive screening of hires, also play a role? And finally, is most of the reduction in turnover occurring within existing firms, or does it stem instead from a reallocation of workers across different types of firms?

## REFERENCES

- A. Prasetyo, S. H. (2022). Implementation of The Provision of Wages Below the Minimum Wage Provisions in Micro Enterprises and Small Businesses. *Khazanah Hukum.Corporus ID: 251461006*.
- Allegretto S, D. A. (2018). Seattle's Minimum wage experience 2015-16. *ILR Review*, 71(13), 593-622.
- Asongu, S. A. (2014). A theory of compliance with minimum wage laws. *Working paper No. WP/14/008, African governance and research institute*.
- Ayşenur Acar, L. B. (2019). Do Firms Exit the Formal Economy after a Minimum Wage Hike? *Political Methods: Experiments & Experimental Design eJournal*.
- B. B. Kar, T. E. (2018). Minimum Wage and Employment: A Dynamic Heterogeneous Approach for OECD Countries. *Turkish Journal of Islamic*.
- Babbie, E. (2017). Basics of social research. *Cengage learning*.
- Becker, G. (1964). Human Capital: A theoretical and empirical analysis with reference to Education . *National Bureau of Economic Research*.
- Bhorat & Kanbur, R. (2019). Minimum wages in Sub Saharan Africa. *A Primer; World Bank research observer*, 34(2), 193 - 225.
- Brown, C. (2019). Minimum wage and Employment. *IZA World of labour*, 465.
- Card, D. a. (1994). "Minimum Wages and Employment: A Case Study of the Fast Food Industry in New Jersey and Pennsylvania." . *American Economic Review*, vol. 84, pp. 772-93.
- Casebourne, J., Regan, J., Neathey, F., & Tuohy, S. (2005). Employment Rights at Work – Survey of Employees 2005. *Department of Trade and Industry, London*.
- Cengiz D, D. A. (2020). The effects of minimum wage on low wage jobs. *Quarterly Journal of Economics*, 134(3), 1391 - 1467.
- Chong-Uk Kim, G. L. (2018). Minimum Wage and Unemployment: An Empirical Study on OECD Countries. *Journal of Reviews on Global Economics*.
- Creswell, J. (2014). Research Design: Qualitative, Quantitative and Mixed approaches. *4th Edition, Thousand Oaks, CA: Sage*.
- D. Neumark, L. F. (2019). *Do Minimum Wages Reduce Employment in Developing Countries? A Survey and Exploration of Conflicting Evidence*. World Development 1 November 2019.
- Daniel Aaronson, E. F. (2016). Industry Dynamics and the Minimum Wage: A Putty-Clay Approach. *Public Policy & Regulation eJournal*.

- Doucouliagos H, & S. (2019). Does the UK Minimum wage reduce employment? A meta regression analysis. *British Journal of Industrial relations*, 57(1), 122-147.
- Dube A, L. T. (2010). Minimum wage effects across state borders: Estimates using contiguous Counties. *The review of Economics and statistics*, 94(4), 945-964.
- Dustmann C, L. A. (2002). *Reallocation effects of the minimum wage*.
- Enes Işık, Ö. O. (2020). Heterogeneous effects of minimum wage on labor market outcomes: A case study from Turkey. *Economics IZA Journal of Labor Policy*.
- Gall MD, G. J. (2007). Educational Research an Introduction. *Pearson, 8th Edition*.
- Gindling, K. (2018). Minimum wages, Globalisation, and Poverty in Honduras. *World development*, 110, 63-75.
- Giotis, G. (2022). Employment Effect of Minimum Wages. *Encyclopedia 2022*, 2(4), 1880-1892; <https://doi.org/10.3390/encyclopedia2040130>, P. 2(4).
- Gough, J. (2017). The Impact of Minimum Wage Legislation. *World Economics Journal - The Journal of Economic Data*, 1 - 6.
- Holmes, T. (2018). The Minimum wage and the great recession: Evidence of effects on the employment and income trajectories of low skilled workers. *Journal of Public Economics*, 170, 53-67.
- Ibrahim Alhawarin, F. M. (2017). *Minimum Wage Compliance in the Private Sector: The Case of Wage and Salary Workers in Jordan*. Economics, Law, Business.
- José Azar, E. H.-V. (2019). Minimum Wage Employment Effects and Labor Market Concentration. *Social Science Research*.
- Kabatek, J. (2020). Effects of an age dependent Minimum Wage on youth Employment flows in the Netherlands. *Sage Journal, Volume 74, Issue 4*.
- Kerstin, B. (2020). *Minimum Wage as a Social Policy Instrument: Evidence from Germany*. Cambridge University Press.
- Khan & Qayyum. (2020). Effect of minimum wage on on Income Inequality and Povert: Evidence from Pakistan. *Economic Annals*, 65(224), 7-34.
- Knight, D. K. (2006). The Impact of Retail Work Experience, Career Expectation, and Job Satisfaction on Retail Career Intention. *Clothing and Textiles Research Journal* , 24(1):1-14.
- Lee, D. (1999). Wage inequality in the United states during the 1980s: Rising dispersion or falling minimum wage? *The quarterly Journal of Economics*, 114(3), 977.
- Lemos, S. (2004). Political Variables as Instruments for the Minimum Wage. *Published in Social Science Research*.
- Lester, R. A. (1947). Marginalism, Minimum Wages and Labour Markets. *The American Economic Review Vol. 37, No 1 ( March 1947 )*, 135 -148.

- Luca, D. L. (2018). Survival of the fittest; The impact of the minimum wage on firm exit. *Working Paper*, 17-88.
- Luebker, M. (2011). Coverage of Domestic workers by key working conditions' Law. *Domestic work policy Brief 5*. Geneva: ILO.
- Lupiya, F. (2018). *An analysis of the effects of Minimum wage laws on employment; A case of general workers in Lusaka*. Lusaka: Friday Lupiya.
- Lupo, L. (1973). U.S. Direct Investment Abroad in 1972. *Survey of Current Business* 53:9 (September, 1973) U.S. Department of Commerce, P. 23.
- Manning, A. (2021). The Elusive Effects of the minimum wage. *The journal of economic perspectives*, 3-26.
- Mansoor, K. &. (2020). Minimum wage compliance and household welfare: AN analysis of over 1500 Minimum wages. *IZA discussion papers; Institute of Labour economics*, 13298.
- Mario Bossler, H. G. (2019). Employment Effects of the New German Minimum Wage: Evidence from Establishment-Level Microdata. *ILR Review* 22 November 2019.
- Md Abdul Khaleque, M. A. (2023). Minimum wage in Bangladesh: Awareness and impact a case of leather sector. *Asian Development Policy*.
- Meager, N., Tyers, C., Perryman, S., & Rick, J. R. (2002). Awareness, knowledge and exercise of individual employment rights. *Department of Trade and Industry, London*.
- Natalie Chun, N. K. (2010). Minimum Wages and Changing Wage Inequality in Indonesia.
- Neumark, D. (2018). Minimum wages and Employment. *David Neumark Vol 3*, 1-182.
- O. Ashenfelter, R. S. (1979). Compliance with the Minimum Wage Law. *Journal of Political Economy* 1 April 1979.
- Olivier Bargain, K. D. (2019). Minimum Wages and the Gender Gap in Pay: New Evidence from the UK and Ireland. *Review of Income and Wealth*, 65 (3), 514-539.
- Olthaus, Marco, C., Pestel, N., & Pestel, R. (2023). Long-Term Employment Effects of the Minimum Wage in Germany: New Data and Estimators. *New Data and Estimators, "Papers 2310.15964, arXiv.org.*, 3 - 9.
- Pantea, S. (2020). The effect of Minimum wage hikes on employment: Evidence from regional panel data from Romania. *Economic Systems, Volume 44, Issue 3*.
- Posner, E. (2020). The Economic Basis of the independent Contractor/Employee distinction. *Coase-Sandor working paper series in Law and Economics, No. 909*, 1-28.
- Priyakshi , M. (2019). Organisation: Definitions, Characteristics, Function, Elements, Principles. *Economics Discussion*, P. 1-5. Retrieved from [www.economicdiscussion.net/organisation/organisation-definitions/32336](http://www.economicdiscussion.net/organisation/organisation-definitions/32336): <https://www.economicdiscussion.net/organisation/organisation-definitions/32336>
- R. Burkhauser, T. F. (1989). The minimum wage and the poor: The end of a relationship. *Journal of Policy Analysis and Management*.

- Riley, R. &. (2017). Raising the standard: Minimum wages and firm productivity. *Labour Economics, Elsevier, Vol. 44*, 27-50.
- Rogers, B. (2014). Justice at Work: Minimum Wage Laws. *Texas Law Review [Vol. 92:1543* , 1589 - 1598.
- Roupakias, S. (2022). Employment and Distributional effects of Greece's National Minimum Wage. *Employment and Distributional effects of Greece's National Minimum Wage*.
- Scott, W. (2014). Institutions and organisations. *4th Edition, Institutions and organisations*.
- Sinem Sefil-Tansever, E. Y. (2023). Minimum wage and spillover effects in a minimum wage society. *Labour December 2023*.
- Sorkin, I. (2015). Are there Long run effects of the Minimum Wage? *Review of Economic Dynamics, Vol.18, Issue 2*, 306-333.
- Steinberg, L. (2009). Age differences in future Orientation and delay discounting. *Child development, Vol. 80*.
- Stewart, D. (2014). What is Policy? and Why It Matters. *Journal of Public Policy & Marketing: Sage Journals; Volume 33, Issue 1*, P. 1 - 4.
- Stigler, G. J. (1946). The Economics of Minimum wage legislation. *The American Economic Review Vol, 36, No.3 (June 1946)*, 358 - 365.
- Stiglitz, J. (2013). The global crisis, Social protection and Jobs. *International labour review / Volume 152, Issue s1*.
- Stijn Broecke, A. F. (2017). *The effect of minimum wages on employment in emerging economies: a survey and meta-analysis*. Oxford Development Studies.
- T. Aderemi, F. O. (2017). Welfare implications of minimum wage increase in Nigeria. *International Journal of Social Economics*.
- Teal, A. (2019). Assessing the Impact of Minimum Wage on Income Inequality. *Economics, Political Science*.
- U. Rani, P. B. (2013). *Minimum wage coverage and compliance in developing countries*. International Labour Review.
- Vadean F, A. S. (2021). The effects of minimum wage on Long term care sector in England. *The effects of minimum wage on Long term care sector in England, 59*, 307-334.
- Valeriu, Nechita, Patruți, Vladimir Topan. (2021). The impact of the Minimum wage on employment: An EU Panel data Analysis. *Sustainability, MDPI, Vol. 11(6)*, 1-21.
- Vivi Alatas, L. C. (2008). *The Impact of Minimum Wages on Employment in a Low-Income Country: A Quasi-Natural Experiment in Indonesia*. Indonesia: Industrial & Labour relations review.
- Wascher, D. N. (2007). Minimum wages and employment . *David Neumark & William Wascher, Vol3, Issue 1-2*, 1-182.

- Wittbrodt, L. (2021). Did the German Minimum Wage reduce the Gender pay gap? *Economics, Political Science*, 02.15-03.30.
- Wolfson, B. D. (2014). What does minimum wage do? *W.E Upjohn Institute for Employment research, Kalamazo, Michigan*, 21.
- Yamada, H. (2012). Non-compliance with the Minimum Wage Law when Completely New Minimum Wage Laws Are Established: The Case of South Africa. *African Development Review*.
- Zenia Kotval, Z. K.-K. (2016). A living wage standard: A case study of the US Virgin Islands. *The Journal of the Local Economy Policy Unit*, Pages, p.541 - 557.

**APPENDICES**

**8.1 Appendix A: Gantt Chart**

NO.	ITEM	DURATION IN MONTHS											
		1	2	3	4	5	6	7	8	9	10	11	12
1.	Preparation of Proposal	■	■										
2.	Approval of research study			■	■								
3.	Construction of research instrument					■							
4.	Gathering of Data						■						
5.	Editing and encoding of Data							■	■				
6.	Analysis of Data									■	■		
7.	Finalization of research output											■	■

*Source: The researcher (2023).*

## 8.2 Appendix B: Budget

<b>PROJECT ACTIVITY</b>	<b>BUDGETED AMOUNT (ZMW)</b>	<b>ACTUAL AMOUNT (ZMW)</b>	<b>VARIANCE (ZMW)</b>
Travel and fuel expenses	3000.00	3150.00	-150.00
Administration	500.00	700.00	-200.00
Venue / Locations	1000.00	1000.00	0.00
Internet and Data	400.00	400.00	0.00
Data collection and Analysis	300.00	640.00	-340.00
Publication and Printing costs	600.00	500.00	100.00
IT and software	1000.00	800.00	200.00
Other	800.00	960.00	-160.00
<b>TOTAL</b>	<b>7600.00</b>	<b>8150.00</b>	<b>-550.00</b>

Source: The researcher (2023).

### **8.3 Appendix C: Questionnaire**

#### **Minimum Wage Policy Questionnaire**

Dear respondent,

We kindly request you to fill in this questionnaire to help us in understanding the effect of minimum wage policy on employers and employees in the retail sector. Your participation in this study is voluntary and all responses will be treated with strict confidentiality.

Please indicate your responses by ticking the appropriate box or writing your answer in the space provided.

#### **Section A: Demographics**

1) Gender:

- a. Male
- b. Female

2) Age: \_\_\_\_\_ years

3) Education Level:

- a. Primary School
- b. Secondary School
- c. Diploma
- d. Degree

Others (please specify): \_\_\_\_\_

4) Marital Status:

- a. Married
- b. Single
- c. Divorced
- d. Widowed

5) Are you an employer or employee in the retail sector?

- a. Employer
- b. Employee

**Section B: Awareness**

6) Have you ever heard of the minimum wage policy on employment?

- a. Yes
- b. No

7) If yes, how? (Please tick all that apply)

- a. Media
- b. Friends
- c. Relative
- d. Employer
- e. Other .....

8) Who does the Minimum wage policy apply to?

- a. Public sector employees
- b. Private sector employees
- b. Both private & public sector employees
- c. Other (please specify): \_\_\_\_\_

9) Have you ever received information on the minimum wage policy from your employer or the government?

- a. Yes
- b. No

10) Do you know what the current Minimum wage rate for shop workers is and do you believe the staff are paid accordingly?

- a. Yes
- b. No

**Section C: Compliance**

11) Does your employer comply with the minimum wage policy?

- a. Yes
- b. No

12) If "No" in question 11, what are the reasons for non-compliance with the minimum wage policy? (Please tick all that apply)

- a. Lack of awareness
- b. Financial constraints
- c. Disagreement with the policy
- d. Other (please specify): \_\_\_\_\_

13) Approximately how much is your wage?

- a. K500 - K1000
- b. K1000 - K2000
- c. K2000 - K3000
- d. K3000 - K4000
- e. >K4000

14) Are there any consequences for non-compliance with the minimum wage policy?

- a. Yes
- b. No

15) If "Yes" in question 14, what are the consequences for non-compliance with the minimum wage policy? (Please tick all that apply)

- a. Legal action
- b. Fines
- c. Suspension of business
- c. Other (please specify): \_\_\_\_\_

**Section D: Effect**

16) In your opinion, has the minimum wage policy had any effect on employee wages?

- a. Yes
- b. No

17) If "Yes" in question 16, what kind of effect has the minimum wage policy had on employee wages in the retail sector? (Please tick all that apply)

- a. Increase in wages
- b. No effect on wages
- c. Decrease in wages
- d. Other (please specify): \_\_\_\_\_

18) In your opinion, has the minimum wage policy had any effect on business?

- a. Yes
- b. No

19) If "Yes" in question 19, what kind of effect has the minimum wage policy had on business in the retail sector? (Please tick all that apply)

- a. Increase in costs
- b. Decrease in profits
- c. No effect on business
- d. Other (please specify): \_\_\_\_\_

20) Do you find the minimum wage helpful to shop/retail workers?

- a. Yes
- b. No

21) If yes, in what way(s)? \_\_\_\_\_

22) Has there been any change in employee tasks due to the minimum wage?

- a. Yes
- b. No

Thank you for your participation.