Analysis of the Gap Between Full-Time Work and a Living Wage in Zambia

Friday Fraiwel Singoyi[a]

[a]Copperbelt University, School of Graduate Studies (SGS), P.O. Box 21692, Kitwe, 10101, Zambia

ARTICLE INFO

Keywords:
Minimum wage
Living wage
Zambia
Working poor
Financial Security
OLS regression

JEL classification:
J31
J81
I32
O55

ABSTRACT

Despite consistent statutory minimum wage adjustments in Zambia, the phenomenon of the working poor remains prevalent, challenging the assumption that full-time employment guarantees economic sufficiency. This study investigates the gap between formal employment and a living wage, operationalized as the lived experience of financial security. Using nationally representative data from Afrobarometer Round 10 ($N = 1,197$), this study employs a two-steps Ordinary Least Squares (OLS) regression to isolate the effect of employment from demographic confounders. The results reveal that while full-time employment is a robust predictor of financial security ($\beta = 0.633, p < 0.001$), the employment premium explains less than 10 percent of the variance in financial outcomes ($R^2 = 0.083$). This suggests that over 90 percent of financial insecurity is driven by structural factors; such as inflation and high dependency ratios, rather than employment status alone. Furthermore, it finds no statistically significant Urban Advantage ($\beta = 0.042, p > 0.05$) once employment and education are controlled for, indicating that the high cost of urban living effectively neutralizes the benefits of city residency. The study concludes that access to full-time employment is a necessary but insufficient condition for achieving a living wage in Zambia. Policy interventions must therefore look beyond job creation metrics to address the purchasing power of wages and the specific cost-of-living burdens in urban centers.

Article history: Received 10 August 2025; Received in revised form (Date 5 December 2025); Accepted (Date 19 December 2025); Published (Date 30 December 2025)

1. Introduction

The divergence between statutory minimum wages and the 'living wage', defined as the income level required for a household to afford a decent standard of living—remains one of the most persistent structural contradictions in development economics (Anker and Anker, 2017). In Sub-Saharan Africa, and particularly in Zambia, this gap challenges the orthodox economic assumption that formal employment acts as a guaranteed exit from poverty. Despite periodic upward adjustments to the statutory minimum wage, most recently in 2023, the phenomenon of the working poor persists (Dewan, Ernst and Achkar Hilal, 2022). While macro-level indicators such as GDP growth or nominal wage increases often signal recovery, they frequently obscure the micro-level reality of wage adequacy, where high inflation and dependency ratios erode the purchasing power of the Zambian Kwacha Mphuka, Kaonga and Tembo (2022).

Historically, labor policy in Zambia has focused on the creation of jobs and the enforcement of nominal wage floors. For instance, the statutory instruments revised in 2012 and 2018 aimed to protect vulnerable workers in the domestic and shopkeeping sectors by setting a legal baseline for earnings Bhorat, Kanbur and Stanwix (2017). However, having a job and earning a statutory wage does not necessarily equate to financial security. A worker may earn above the legal minimum yet fall below the threshold of a living wage due to the escalating cost of essential goods, housing, and utilities—a discrepancy exacerbated by Zambia's volatile inflation rates Anker and Anker (2017). This raises a critical question for policymakers: To what extent does formal full-time employment actually protect Zambian citizens from material deprivation?

Current literature on Zambian labor markets often relies on income-based metrics derived from the Living Conditions Monitoring Survey (LCMS). While valuable, these income metrics fail to capture the multidimensional nature of poverty, such as the frequency with which employed households still go without cash income Mattes (2008).

[⋆] This document is a result of the author's PhD studies

[*] Corresponding author
ORCID(s):

Furthermore, there is a prevailing assumption in development discourse known as the urban advantage, which posits that urban residency confers inherent economic protection compared to rural living Gollin, Jedwab and Vollrath (2016). However, recent evidence suggests that the high cost of living in urban centers like Lusaka and the Copperbelt may neutralize the benefits of higher nominal wages, trapping urban workers in a cycle of cash instability Resnick (2014).

This study seeks to bridge the gap between labor statistics and lived reality. Utilizing the most recent data from Afrobarometer Round 10 (2024/25), the study shifts the analytical focus from how much people earn to how often they experience deprivation. By operationalizing the living wage through the lens of the Lived Poverty Index (LPI), specifically measuring cash income deprivation, the study provides a robust assessment of wage adequacy.

The research questions are as follows: RQ1 is To what extent does full-time formal employment predict financial security (living wage adequacy) among Zambian households when controlling for demographic confounders? RQ2 is; Is there a statistically significant urban advantage in financial security after accounting for employment status and human capital levels? and RQ3 is; What is the relative contribution of employment status versus education in explaining the variance in household financial security?

Our study makes two primary contributions to the literature on labor economics in Southern Africa. First, using a two-stage Ordinary Least Squares (OLS) regression, the study quantifies the employment premium—the specific reduction in deprivation attributable to full-time work after controlling for human capital and lifecycle effects. Second, the study empirically test the validity of the urban advantage hypothesis in the context of the current economic climate.

The findings presented in this paper challenge the sufficiency of current employment-centric poverty reduction strategies. The study demonstrates that while employment is a statistically significant predictor of financial security, it explains less than 10 percent of the variance in financial welfare, suggesting that structural macroeconomic factors play a far larger role in household stability than employment status alone. Furthermore, our results debunk the assumption of urban resilience, showing no statistically significant difference in financial security between urban and rural workers once employment and education are held constant.

2. Literature Review

2.1. Theoretical Review

The analysis of household well-being, wage inequality, and labor market dynamics is underpinned by three primary theoretical frameworks: Human Capital Theory, Dual Labor Market Theory, and the Sustainable Livelihoods Framework.

Human Capital Theory, rooted in the work of Becker (1964), posits that investments in education, training, and health increase an individual's productivity, thereby commanding higher wages in the labor market . This theory serves as the foundational lens for understanding wage differentials and returns to education Pyatt (1966). It suggests that disparities in earnings are largely a function of differing levels of skill accumulation. However, in the context of developing economies like Zambia, this theory is often expanded to account for regional heterogeneities, where the return on human capital investment may vary significantly between urban and rural labor markets due to differing demand structures.

Complementing this is the Dual Labor Market Theory, which segments the economy into a primary (formal) sector—characterized by high wages, stability, and benefits—and a secondary (informal) sector—marked by low wages, insecurity, and poor working conditions Piore (2018). In Sub-Saharan Africa, this segmentation is critical for explaining food security and welfare outcomes. The theory implies that "having a job" is insufficient for security if that job exists within the informal secondary market, where structural barriers prevent workers from accessing the protections of the formal economy.

Finally, the Sustainable Livelihoods Framework (SLF) extends beyond simple income metrics to view well-being as a multidimensional outcome of access to assets (financial, social, human) and the ability to pursue robust livelihood strategies (Scoones, 1998). This framework is particularly relevant for analyzing food security and financial inclusion, as it recognizes that households utilize diverse coping strategies—such as relying on social capital or informal food networks—to mitigate the risks associated with poverty and labor market exclusion.

2.2. Empirical Review

Recent empirical literature has extensively examined the determinants of well-being, specifically focusing on the nexus between employment, human capital, and food security. (Schlossarek, Harmáček, Dušková and Suchá, 2024) aimed to capture the multidimensional nature of poverty by compiling a comprehensive dataset on household

well-being in Western Province, Zambia. Using a stratified sampling methodology to survey 411 households in the Muoyo-Mukukutu area, they collected data covering both objective standards of living and subjective life satisfaction. Their contribution lies in the granular detail regarding social capital and attitudes toward traditional versus statutory leadership, providing a rare micro-level dataset that facilitates comparisons with international well-being surveys. However, the study identifies a gap in existing data, noting that standard metrics often fail to capture the complex, multidimensional nature of deprivation at the intra-household level in rural developing contexts.

In the realm of labor market dynamics, (Simbeye, Lungu, Kumwenda, Banda, Msoni and Kuo, 2024) investigated the drivers of aggregate productivity and formal wage growth in Zambia. Leveraging administrative tax data from 2014 to 2021, they decomposed labor productivity into within-firm and inter-sectoral components. Their analysis revealed that aggregate labor productivity has declined, particularly in non-mining sectors, with real wage trends mirroring this stagnation. A significant contribution of their work is the finding that productivity challenges are driven largely by internal firm inefficiencies—such as low skills and technology adoption—rather than just allocative inefficiency. They identify a critical gap in the business environment, specifically how burdensome compliance requirements and competition from the informal sector stifle the creation of high-quality formal jobs.

Expanding on the theme of employment quality (Gough, Chigunta and Langevang, 2016) sought to broaden the definition of "security" beyond military or state-centric perspectives. Utilizing a mixed-methods approach with quantitative and qualitative data from low-income settlements in Lusaka, they analyzed youth perspectives on employment. Their study contributes to the literature by demonstrating that for urban youth, the lack of stable employment is itself a primary form of insecurity that cascades into other domains like housing and education. They highlight a significant gap in security studies, which tend to focus on spectacular or global events while overlooking the persistent, everyday employment insecurities that define life in the Global South.

The specific impact of employment type on survival strategies is further explored by (Blekking, Waldman, Tuholske and Evans, 2020), who assessed the drivers of urban food security in Lusaka. Surveying 718 low-income households and utilizing the Food Consumption Score (FCS) and Coping Strategies Index (CSI), they found statistically significant differences in food security between formally and informally employed households. Their contribution is the identification of a spatial link between purchasing from informal food suppliers and the increased use of coping strategies. Crucially, they identify a methodological gap, arguing that current food security metrics are predicated on rural assumptions that fail to accurately characterize the complex food systems of urban areas in Sub-Saharan Africa.

This urban-rural divide is echoed by (Bulawayo, Ndulo and Sichone, 2019) , who utilized a logit model on the 2010 Living Conditions Monitoring Survey to determine the socioeconomic drivers of food insecurity in Zambia. Their findings confirmed that urban, higher-income, and male-headed households are significantly more likely to be food secure. They contribute empirical evidence supporting the need to narrow the rural-urban socioeconomic divide but note a gap in policy regarding gender inequities, specifically the need for interventions that increase women's control over productive resources like land.

The role of human capital in mitigating these inequalities is analyzed by (Nsokolo, Simo-Kengne and Chama-Chiliba, 2025), whose objective was to determine regional heterogeneities in returns to education. Using quantile regression on Zambia's 2021 Labour Force Survey, they found that returns to education are highest in urban regions and at the tertiary level. A key contribution of their study is the integration of health status into the human capital model, revealing that individual health directly impacts earnings potential. They identify a research gap in standard human capital models that often neglect the health dimension and mask sub-national variations through national averaging.

Similarly, (Yang and Huang, 2017) examined the impact of human capital investment inequality on the rural-urban income gap, albeit in the context of China. Using provincial panel data from 1997 to 2013, they found that inequality in human capital investment significantly widens the income gap. Their contribution highlights that the drivers of this gap shift over time, with migration investment inequality playing a larger role initially, followed by education inequality. This points to a gap in understanding how the specific components of human capital investment (health vs. education) differentially impact income inequality over different developmental stages.

Focusing on financial assets as a buffer against poverty, (Nanziri, 2019) investigated the gender gap in the use of formal financial services in Zambia using 2015 FinScope surveys. The study's objective was to determine if financial inclusion improves quality of life (QoL). The findings contribute evidence that financially included female-headed households enjoy a significantly better QoL than their excluded counterparts, suggesting that finance can reduce gender wealth inequality. However, the study points to a persistent gap where women remain less likely to use formal services due to structural predictors like education and income source.

Supporting the demand-side analysis of financial inclusion, (Ndanshau and Njau, 2021) examined determinants in Tanzania using a probit model on 2017 FinScope data. They found that being male, urban, and formally employed fosters inclusion. Their contribution lies in identifying that lack of money and unawareness are the most common barriers. The study highlights a gap in addressing the demand-side constraints to financial inclusion, emphasizing that supply-side reforms alone are insufficient without addressing underlying income and awareness deficits.

Finally, providing a historical context to these trends, (Kapungwe, 2004) analyzed the levels and patterns of poverty in Zambia from 1991 to 1998 using national representative surveys. The study established that poverty incidence increased in urban areas during this period, with female-headed and uneducated households being the most vulnerable. The contribution of this work is its detailed mapping of poverty by employment sector, showing that private household employees were worst affected. Kapungwe identifies a critical gap in poverty measurement, advocating for a revision of metrics and a deeper investigation into the qualitative coping strategies adopted by the poor.

3. Methodology

3.1. Data Source and Sampling Design

The empirical analysis in this study draws upon data from Round 10 of the Afrobarometer survey for Zambia, collected between late 2024 and early 2025. Afrobarometer utilizes a clustered, stratified, multi-stage probability sampling design to generate a nationally representative sample of the adult population (aged 18 years and older). The survey design stratifies the sample by key social demographics—gender and urban-rural location—ensuring that every adult citizen has an equal and known chance of selection. The total realized sample consists of 1,200 respondents, yielding a margin of error of +/- 3 percentage points at a 95% confidence level.This dataset is particularly suitable for this inquiry because, unlike standard labor force surveys (LFS) that focus primarily on nominal income and employment headcount, Afrobarometer captures the multidimensional and experiential aspects of economic deprivation. This approach aligns with the concept of lived poverty, which argues that the frequency of deprivation is a more accurate proxy for welfare than volatile income data in informal economies Mattes (2008). To ensure the robustness of the econometric analysis, missing data were handled using listwise deletion for item non-response, resulting in a final analytical sample of N = 1,197.

3.2. Operationalization of Variables

3.2.1. Dependent Variable

The primary objective of this study is to measure the gap between employment and a living wage. Traditional economic literature defines a living wage as the remuneration required for a household to afford a decent standard of living, including food, housing, and essential services Anker and Anker (2017). In the absence of continuous income data, the study operationalizes wage adequacy through the Lived Poverty Index (LPI) framework. The dependent variable is derived from the survey question asking respondents: “Over the past year, how often, if ever, have you or anyone in your family gone without a cash income?”To facilitate linear regression analysis, the original five-point ordinal scale (ranging from “Never” to “Always”) was reverse-coded into a continuous Financial Security Score. On this new scale:0 represents extreme deprivation (Always without cash).4 represents high financial security (Never without cash).This approach aligns with methodological precedents in applied econometrics that treat high-frequency ordinal scales as quasi-continuous variables for the purpose of Ordinary Least Squares (OLS) estimation, provided the scale has at least five categories Norman (2010).

3.2.2. Independent Variable

The primary independent variable is Full-Time Employment, coded as a binary dummy variable. It takes a value of 1 for respondents who reported being employed on a full-time basis, and 0 for all other labor market statuses, including part-time work, unemployment, and non-participation. This binary classification allows for the specific isolation of the employment premium associated with formal, full-time labor engagement, distinguishing it from precarious or partial employment.

3.2.3. Control Variables

To reduce omitted variable bias, the model includes a vector of demographic controls identified in the literature as determinants of economic welfare. These include 1. Human Capital - Measured by the respondent’s level of education, treated as an ordinal variable ranging from 0 (no formal schooling) to 9 (post-graduate qualifications). 2. Lifecycle

Effects - Controlled for using the respondent's age in years, capturing the accumulation of assets, experience, and savings over the life course. 3. Geographic Context: A dummy variable for Urban Location (1=Urban, 0=Rural) is included to test the "urban advantage" hypothesis, which posits that urban density correlates with higher economic welfare due to agglomeration effects Gollin et al. (2016).

3.3. Empirical Strategy

The study employs a two-stage Ordinary Least Squares (OLS) regression strategy to estimate the impact of employment on financial security. The OLS estimator is chosen for its transparency, ease of interpretation, and robustness in estimating average marginal effects across the population. The econometric model is specified as follows:

$$Y_i = \beta_0 + \beta_1 \text{Emp}_i + \beta_2 \text{Edu}_i + \beta_3 \text{Urban}_i + \beta_4 \text{Age}_i + \epsilon_i$$

Where: Y_i is the Financial Security Score for individual i, β_1 is the coefficient of interest, representing the employment premium, Emp_i is the dummy variable for full-time employment, Edu_i, Urban_i, and Age_i represent the vector of demographic controls, ϵ_i is the error term.

The analysis proceeds in two steps. Model 1 estimates the naive, unadjusted relationship between employment and financial security. Model 2 introduces the demographic controls to isolate the net effect of employment, holding human capital and location constant. Post-estimation diagnostics, including Variance Inflation Factor (VIF) analysis, were conducted to ensure that multicollinearity did not distort the standard errors.

4. Results

5. Descriptive Statistics

The final analytical sample comprised 1,197 respondents, representing a cross-section of the adult Zambian population. Analysis of the dependent variable, Financial Security, revealed a high prevalence of cash income deprivation across the sample. Only 10.25 percent of respondents achieved the maximum score of 4 on the Financial Security Scale, indicating they had "Never" gone without cash income over the preceding year. Conversely, the majority of the sample reported frequent deprivation, with 34.58 percent going without cash "Many times" and 17.75 percent "Always" experiencing cash shortages. The mean Financial Security Score was 1.55 ($SD = 1.21$), placing the average respondent between the categories of "Many times" and "Several times" without income. In terms of labor market participation, 12.42 percent of the sample reported being employed on a full-time basis, while the remaining 87.58 percent consisted of part-time workers, those not looking for employment, and the unemployed who were actively seeking work. Geographically, the sample was predominantly rural (60.00 percent) compared to urban (40.00 percent), reflecting the national demographic distribution.

6. OLS Regression Analysis

To estimate the impact of employment on financial security, two Ordinary Least Squares (OLS) regression models were estimated. Post-estimation diagnostics confirmed that multicollinearity was not a concern, with a mean Variance Inflation Factor (VIF) of 1.09, well below the conservative threshold of 5.0.

Model 1 estimated the unadjusted bivariate relationship between full-time employment and financial security. The model was statistically significant ($F(1, 1197) = 57.89, p < 0.001$), explaining 4.6 percent of the variance in financial security outcomes ($R^2 = 0.046$). The coefficient for full-time employment was positive and statistically significant ($\beta = 0.794, SE = 0.104, p < 0.001$), indicating that, absent other controls, individuals with full-time jobs possessed a Financial Security Score 0.794 points higher than their non-employed or part-time counterparts.

Model 2 introduced demographic controls for education, urban location, and age to isolate the specific employment premium. The inclusion of these covariates improved the explanatory power of the model to 8.3 percent ($R^2 = 0.083$). After adjusting for these factors, the coefficient for full-time employment remained positive and statistically significant, though it decreased in magnitude to 0.633 ($SE = 0.105, p < 0.001$). This result suggests that when holding human capital and geographic location constant, full-time employment is associated with a 0.633-unit increase in financial security. The level of education was also found to be a positive and significant predictor of financial security ($\beta = 0.132, SE = 0.021, p < 0.001$).Notably, the results regarding geographic location defied the expected urban advantage. The coefficient for urban residency was 0.042 ($SE = 0.073$) and was not statistically significant

Table 1
OLS regression results: Impact of employment on financial security/the living wage

Variables	Model 1 (Unadjusted)	Model 2 (Adjusted)
Full-Time Employment	0.794***	0.633***
	(0.104)	(0.105)
Education Level		0.132***
		(0.021)
Urban Location		0.042
		(0.073)
Respondent Age		-0.001
		(0.002)
Constant	1.549***	1.142***
	(0.037)	(0.119)
Observations	1,199	1,197
R^2	0.046	0.083

Notes: Standard errors are reported in parentheses. The dependent variable is the Financial Security Score (continuous 0–4 scale). Model 2 includes controls for education, urban location, and age.
*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$.

($p = 0.563$). This finding indicates that there is no statistical difference in financial security between urban and rural residents once employment status and education levels are held constant. Furthermore, the respondent's age was not a statistically significant predictor of financial security in this model ($\beta = -0.001, SE = 0.002, p = 0.600$).

7. Discussion

The primary finding of this study—that full-time employment is a statistically significant predictor of financial security ($\beta = 0.633, p < 0.001$)—aligns with the foundational tenets of Dual Labor Market Theory. This confirms that access to the primary labor market, characterized by formal contracts and regular wages, remains a critical buffer against extreme deprivation in Zambia. However, the magnitude of this effect warrants critical scrutiny. While employment provides a distinct advantage over unemployment or informal labor, the relatively modest coefficient suggests that having a full-time job is not a panacea for financial instability. More telling is the low coefficient of determination ($R^2 = 0.083$), which indicates that employment status, human capital, and geographic location combined explain less than 10 percent of the variance in household financial security. This finding is profound, suggesting that over 90 percent of the financial precarity experienced by Zambians is driven by structural or exogenous factors beyond the individual's labor market status. This disconnect supports the "working poor" hypothesis posited by (Bhorat et al., 2017) , implying that for many Zambians, the statutory minimum wage functions as a floor for nominal earnings but fails to serve as a threshold for a "living wage" capable of absorbing inflationary shocks and high dependency ratios.5.2 The Illusion of the Urban Advantage

Perhaps the most striking empirical result is the statistical non-significance of the urban dummy variable ($\beta = 0.042, p > 0.05$) in the adjusted model. Conventional development theory, particularly the "urban advantage" hypothesis, posits that urbanization correlates with higher welfare due to agglomeration effects and better access to markets (Gollin et al., 2016). However, our results challenge this assumption within the Zambian context. Once employment status and education are controlled for, urban residency confers no statistically significant financial benefit over rural residency. This finding strongly suggests that the higher nominal wages typically found in urban centers like Lusaka and the Copperbelt are effectively neutralized by the higher cost of living, particularly regarding housing,

transport, and non-tradable goods. This aligns with Resnick (2014)'s characterization of African urbanization as increasingly decoupled from industrialization, where the "urban premium" is eroded by the "urban penalty" of high living costs. Consequently, the urban worker is trapped in a cycle of cash instability identical to that of the rural worker, debunking the notion that migration to cities is an automatic pathway to financial security.5.3 Human Capital as a Resilience Factor

The positive and significant relationship between education and financial security ($\beta = 0.132$, $p < 0.001$) reaffirms Human Capital Theory in the Zambian labor market. Unlike the binary nature of employment status, education appears to function as a cumulative ladder of resilience. The finding that returns to education persist even when controlling for employment status suggests that education may confer benefits beyond simple wage premiums, such as better financial literacy, stronger social networks, or access to more stable, higher-tier employment within the formal sector (Nsokolo et al., 2025). However, the fact that even highly educated respondents are not immune to cash deprivation (as evidenced by the overall low mean security scores) points to a systemic ceiling on welfare that individual human capital investment alone cannot breach without broader macroeconomic stability.5.4 Structural Constraints to Wage Adequacy

The persistence of cash deprivation among the fully employed serves as a robust critique of current minimum wage policies that focus on nominal adjustments rather than purchasing power parity. As noted by (Anker and Anker, 2017), a true living wage must account for the specific basket of goods required for decent living. The empirical evidence from this study suggests that the current wage structure in Zambia has decoupled from this standard. The widespread financial insecurity among the employed likely reflects the "Black Tax"—the high dependency ratio where a single income earner supports extended family networks—coupled with the volatility of the Zambian Kwacha, which erodes real wages (Simbeye et al., 2024). This structural environment renders the protection offered by formal employment partial at best, necessitating policy interventions that look beyond job creation to address the structural cost-drivers of poverty.

8. Recommendations

Based on the empirical findings that employment status explains less than 10 percent of financial security variance and that urban residency confers no statistically significant advantage, this study proposes three strategic policy interventions.

The persistence of the "working poor"—demonstrated by the frequent cash deprivation among full-time employees—indicates that the current statutory minimum wage acts merely as a floor for nominal earnings rather than a guarantor of survival. The Ministry of Labour and Social Security should move beyond inflation-based adjustments to adopt a Living Wage Methodology. This approach indexes the statutory wage not just to the Consumer Price Index (CPI), but to a spatially explicit "Basic Needs Basket" that accounts for the real cost of food, housing, and non-tradable services. Given the finding that urban workers are no better off than rural workers despite presumably higher nominal wages, consideration should be given to distinct metropolitan wage tiers (e.g., a "Lusaka Living Wage") to offset the high cost of urban residency.

The empirical debunking of the urban advantage suggests that the high cost of living in Zambian cities neutralizes the benefits of formal employment. To restore the purchasing power of the urban workforce, policy must focus on "de-commodifying" essential urban services. Since nominal wage hikes can drive inflation, the government should simultaneously target the cost side of the equation. This includes investments in subsidized mass transit systems to reduce commuting costs, the enforcement of rent control mechanisms in high-density areas, and the expansion of social housing. Reducing these fixed costs would effectively raise the disposable income of urban workers without requiring unsustainable nominal wage increases.

The low explanatory power ($R^2 = 0.083$) of the employment model suggests that external shocks, such as high dependency ratios (the "Black Tax"), drive financial insecurity. Consequently, social protection programs like the Social Cash Transfer (SCT) should be re-evaluated. Currently targeted largely at the incapacitated and ultra-poor, eligibility criteria should be expanded or complemented by universal social floors, such as National Health Insurance (NHIMA) subsidies or child grants that extend to low-income formal sector workers. By socializing the costs of health and childcare, the state can reduce the dependency burden on the single wage earner, thereby closing the gap between the minimum wage and the family living wage.

9. Conclusion

This study empirically investigated the gap between formal employment and financial security in Zambia using Afrobarometer Round 10 data ($N = 1,197$). The OLS analysis confirms that while full-time employment significantly reduces deprivation ($\beta = 0.633$), it explains less than 10 percent of financial welfare variance, highlighting that employment alone is an insufficient buffer against structural economic pressures. Crucially, this study debunked the "urban advantage," finding no statistically significant difference in financial security between urban and rural workers once employment is controlled for. This suggests that the high cost of urban living effectively neutralizes the benefits of city-based employment. The study concludes that Zambia's "working poor" phenomenon is driven by a disconnect between nominal wages and real purchasing power. Policy must therefore pivot from simple job creation to establishing living wage standards and targeted urban cost-of-living interventions to close the gap between earnings and survival.

10. Acknowledgements

Special thanks to the Afrobarometer for making the data used in this study publicly available.

References

Anker, R., Anker, M., 2017. Living wages around the world: Manual for measurement, in: Living Wages Around the World. Edward Elgar Publishing.

Bhorat, H., Kanbur, R., Stanwix, B., 2017. Minimum wages in sub-saharan africa: a primer. The World Bank Research Observer 32, 21–74.

Blekking, J., Waldman, K., Tuholske, C., Evans, T., 2020. Formal/informal employment and urban food security in sub-saharan africa. Applied Geography 114, 102131.

Bulawayo, M., Ndulo, M., Sichone, J., 2019. Socioeconomic determinants of food insecurity among zambian households: Evidence from a national household survey. Journal of Asian and African studies 54, 800–818.

Dewan, S., Ernst, E., Achkar Hilal, S., 2022. World employment and social outlook: trends 2022. ILO .

Gollin, D., Jedwab, R., Vollrath, D., 2016. Urbanization with and without industrialization. Journal of Economic Growth 21, 35–70.

Gough, K.V., Chigunta, F., Langevang, T., 2016. Expanding the scales and domains of (in) security: Youth employment in urban zambia. Environment and Planning a 48, 348–366.

Kapungwe, A., 2004. Poverty in zambia: Levels, patterns and trends. Development Southern Africa 21, 483–507.

Mattes, R., 2008. The material and political bases of lived poverty in africa: Insights from the afrobarometer, in: Barometers of quality of life around the globe: How are we doing?. Springer, pp. 161–185.

Mphuka, C., Kaonga, O., Tembo, M.A., 2022. Economic growth, inequality, and poverty: Estimating the growth elasticity of poverty in zambia, 2006–2015, in: Inequality in Zambia. Routledge, pp. 83–119.

Nanziri, L.E., 2019. Women, inclusive finance and the quality of life: evidence from zambia, in: Women and Sustainable Human Development: Empowering Women in Africa. Springer, pp. 285–303.

Ndanshau, M.O., Njau, F.E., 2021. Empirical investigation into demand-side determinants of financial inclusion in tanzania. African Journal of Economic Review 9, 172–190.

Norman, G., 2010. Likert scales, levels of measurement and the "laws" of statistics. Advances in health sciences education 15, 625–632.

Nsokolo, D.S., Simo-Kengne, B., Chama-Chiliba, C.M., 2025. Regional heterogeneities in returns to education in zambia: a quantile regression analysis. International Journal of Social Economics .

Piore, M.J., 2018. The dual labor market: theory and implications, in: Social stratification. Routledge, pp. 629–640.

Pyatt, G., 1966. Human capital: A theoretical and empirical analysis, with special reference to education the residual factor and economic growth econometric models of education.

Resnick, D., 2014. Urban governance and service delivery in african cities: The role of politics and policies. Development Policy Review 32, s3–s17.

Schlossarek, M., Harmáček, J., Dušková, L., Suchá, L., 2024. Household-level data on well-being, inequalities, and social capital in western province, zambia. Data in Brief 54, 110504.

Scoones, I., 1998. Sustainable rural livelihoods: a framework for analysis .

Simbeye, L., Lungu, E., Kumwenda, A., Banda, E., Msoni, J., Kuo, R., 2024. The Role of Firm Dynamics in Aggregate Productivity and Formal Job Flows in Zambia. Technical Report. The World Bank.

Yang, X., Huang, W.c., 2017. Human capital investment inequality and rural–urban income gap: Evidence from china, in: Advances in Pacific Basin business economics and finance. Emerald Publishing Limited, pp. 151–172.