



Labour outsourcing and labour market transformation in Zambia: A political economy and institutional analysis

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Abstract

This paper presents the structural transformation of the Zambian labour market, characterized by a shift from permanent, pensionable employment to precarious labour arrangements. Drawing on a political economy and institutional perspective, the paper analyses how Zambia's privatization agenda of the 1990s and early 2000s dismantled the regime of state-controlled industrial paternalism that had previously guaranteed workers' rights, and ushered in the current neoliberal labour order in which employment relations are increasingly governed by market forces rather than strong state protections or collective social arrangements. The paper argues that although institutional and legal reforms, such as the enactment of the Employment Code Act of 2019, have attempted to mitigate the adverse consequences of this transformation, the proliferation of labour outsourcing and subcontracting has significantly eroded both the state's capacity to effectively protect workers and the bargaining power of trade unions, while simultaneously suppressing better terms and conditions of employment. The paper concludes that the institutional framework remains caught between the need to attract foreign direct investment and the imperative to protect workers' rights within a transformed economic landscape.

Keywords: labour market, labour outsourcing, transformation, wages, Zambia

Introduction

The Zambian labour market has undergone a radical transformation over the last three decades. Historically anchored by state owned enterprises such as the Zambia Consolidated Copper Mines, the employment relationship was defined by long-term stability, strong internal labour markets, and a relatively comprehensive system of social protections (Lochery et al., 2024^[18]). These arrangements were embedded within a broader post-independence developmental model in which the state functioned not only as a dominant economic actor, but also as a custodian of social welfare and industrial order. Employment was characterized by permanent and pensionable positions, housing provided by employers, healthcare services, and structured career progression pathways. In this context, labour relations were governed by a form of industrial paternalism, where the employer assumed extensive responsibility for the well-being of workers and their families, thereby fostering a relatively stable and cohesive industrial workforce. However, the transition from a centrally planned to a market-driven economy has fundamentally undermined traditional employment relations in the country (Fashoyin, 2008) ^[11]. This shift, closely associated with liberalization policies, marked a decisive break from the institutional and normative foundations that had previously sustained secure employment, replacing them with more flexible and market-oriented labour arrangements. This shift is not merely a managerial strategy aimed at enhancing efficiency or reducing costs; rather, it represents a broader political economy project that has systematically transferred risk from capital to labour, fragmented the workforce, and reconfigured power relations within the workplace.

The primary manifestations of this transformation are labour outsourcing and subcontracting arrangements, both of which

involve the use of third-party labour to perform work that would ordinarily be undertaken by employees directly engaged by the contracting firm. Under labour outsourcing regimes, firms are able to externalize employment responsibilities, thereby reducing obligations related to wages, benefits, and long-term job security. At the same time, workers employed through subcontracting arrangements, usually on unpredictable short-term contracts, are frequently excluded from robust and effective collective bargaining frameworks and are often subjected to less favourable terms and conditions of employment. This has contributed to the emergence of a dual labour market characterised by a shrinking segment of directly employed workers alongside an expanding periphery of workers engaged in precarious forms of employment. The implications of this shift extend beyond employment status to encompass declining wage standards, weakened job security, and a diminished capacity for workers to organize effectively, thereby reinforcing asymmetries of power between labour and capital (Letsas, 2024; McGann et al., 2016) ^[13, 20].

This paper examines the structural transformation of the Zambian labour market, particularly the growing shift from permanent and pensionable employment to outsourced and subcontracted labour arrangements. It analyses how economic liberalisation, privatisation, and neoliberal labour reforms have contributed to precarious forms of employment characterised by low wages, job insecurity, weakened trade union influence, and poor working conditions. The paper further evaluates the adequacy of Zambia's legal and institutional framework, especially the Employment Code Act of 2019^[10], in protecting outsourced employees, while highlighting the practical enforcement challenges that continue to undermine effective labour protection in the country.

The Political Economy of Transformation

1. From Paternalism to Neoliberalism

The country's privatisation agenda served as a decisive catalyst for labour market fragmentation, deepening and accelerating the structural shifts already underway in Zambia's transition to a market-oriented economy (Lochery et al., 2024) ^[18]. The erosion of state-led employment relations created the conditions for a reconfiguration of labour governance; however, it was the privatisation process itself that institutionalized these changes in the labour market. For example, the disbanding of Zambia Consolidated Copper Mines and the subsequent transfer of assets to private investors fundamentally altered the logic of production and employment (Larmer, 2021) ^[21]. Under state ownership, mining had operated within a broader socio-economic mandate that prioritized employment stability and social welfare (Lochery et al., 2024) ^[17]. In contrast, privatisation embedded the industry within global circuits of capital, where profitability, efficiency, and shareholder value became the dominant imperatives shaping corporate behaviour (Dobler and Kesselring, 2019) ^[8]. In this context, the state-led model of industrial paternalism was replaced by a neoliberal regime in which firms increasingly prioritise cost-cutting, labour flexibility, and operational efficiency (Money, 2022) ^[22]. This transition was not merely institutional but ideological, reflecting a broader shift in policy orientation toward deregulation, liberalisation, and reduced state intervention in labour markets (Money, 2022) ^[14]. Employers, now operating in a competitive global environment, adopted new labour strategies that emphasised numerical flexibility, including downsizing, casualisation, and the extensive use of outsourcing and subcontracting arrangements. These strategies enabled firms to minimise long-term employment obligations while maintaining the ability to rapidly adjust their workforce in response to fluctuations in global commodity prices (Money, 2022) ^[22]. As a result, employment relations became increasingly individualised and precarious, marking a sharp departure from the collective and stable arrangements that had previously characterized the labour market (Lochery et al., 2024) ^[13].

The impact was immediate and severe; the number of permanent, pensionable workers dramatically plummeted, especially in the mining industry (Lochery et al., 2024) ^[17]. This contraction reflects not only large-scale retrenchments but also the restructuring of employment into non-standard forms that deviate from traditional definitions of permanent work. Many workers who exited formal employment were either absorbed into subcontracting firms under less favourable conditions or pushed into informal economic activities, thereby weakening their access to social protection and labour rights. The decline in permanent employment also had significant implications for trade unions, whose bargaining power had historically been anchored in a concentrated and stable workforce. As employment became fragmented across multiple contractors, union density declined, and collective bargaining mechanisms were undermined. Thus, the shift from paternalism to neoliberalism did not simply transform the organization of production; it fundamentally reconstituted the balance of power between labour, capital,

and the state. It entrenched a labour regime characterized by insecurity, weakened institutional protections, and heightened vulnerability for workers, dynamics that continue to shape the trajectory of Zambia's labour market transformation.

2. The Role of Foreign Direct Investment

Building on the preceding discussion of privatization and the shift toward a neoliberal labour regime, the influx of foreign direct investment (FDI) into Zambia's economy further consolidated and diversified these transformations. The liberalization of the economy opened many industries to a wide range of international investors, including Chinese state-linked enterprises and Western multinational corporations, each bringing distinct managerial approaches, production strategies, and labour practices. While FDI has been instrumental in revitalizing economic activities, increasing output, and contributing to macroeconomic growth, it has also played a significant role in reshaping employment relations in ways that often reinforce labour market segmentation and inequality. The entry of diverse foreign investors introduced varying labour practices, reflecting differences in corporate governance models, home country regulatory traditions, and cost structures. In practice, however, these differences have frequently converged around a shared emphasis on labour flexibility and cost minimization, consistent with the broader neoliberal orientation (Ching, 2019) ^[5]. The increasing reliance on contract labour within foreign owned operations has further complicated regulatory oversight, as employment relationships are often mediated through multiple layers of subcontracting arrangements that diffuse accountability.

Although Zambia possesses a relatively comprehensive body of labour legislation, including the Employment Code Act No. 3 of 2019^[10] and various subsidiary regulations intended to safeguard workers' rights, the effectiveness of these legal frameworks has been significantly undermined by the broader political economy orientation underpinning foreign direct investment (FDI) policies. Successive governments, motivated by the need to attract and retain foreign capital, have frequently prioritized investment promotion over robust labour protection. As a result, labour regulation has often been weakened in practice through lax enforcement, regulatory exemptions, and institutional compromises designed to maintain an investor-friendly environment. In many cases, labour inspectorates remain underfunded and understaffed, limiting the state's capacity to monitor complex subcontracting chains and enforce compliance with employment standards. Consequently, employers operating through outsourced and subcontracted arrangements are often able to evade legal obligations relating to wages, social security contributions, occupational safety, and job security, thereby deepening labour precarity despite the existence of protective legislation. This situation is further complicated by the influence of bilateral investment treaties (BITs), investment protection agreements, and neoliberal economic reforms that grant extensive protections to foreign investors while placing comparatively weaker obligations on them regarding labour standards and social responsibility. Many investment agreements emphasize guarantees such as protection against

expropriation, fair and equitable treatment, and unrestricted profit repatriation, while remaining largely silent on labour rights enforcement. This creates structural pressure on the state to avoid stringent labour regulation for fear of discouraging investment or triggering investor-state disputes. In effect, the legal and policy framework governing FDI often reinforces capital accumulation by prioritizing investor confidence and market flexibility over worker welfare and employment stability. The expansion of outsourcing and subcontracting within foreign-owned enterprises must therefore be understood not merely as a business strategy, but as part of a wider neoliberal restructuring process in which labour protections are subordinated to the imperatives of global capital mobility and economic liberalization. The benefits of FDI, therefore, have not been evenly distributed, and the burden of adjustment has disproportionately fallen on workers through precarious employment, suppressed wages, and limited opportunities for upward mobility (Gadzala, 2010; Duclos, 2011) ^[9, 12]. In this way, foreign direct investment, while central to Zambia's economic recovery and growth, has also reinforced the structural dynamics of labour precarity established during the privatization era, further entrenching the challenges identified in Zambia's labour market.

Labour Outsourcing in the Zambian Labour Market

Labour outsourcing has continued to emerge as the dominant operational model in the Zambian labour market. What began as a strategy for enhancing efficiency and reducing operational costs has evolved into a structural feature of the labour market, fundamentally reshaping employment relations and workplace organization? Several firms, particularly multinational corporations that previously employed workers directly within their establishments, have increasingly shifted towards outsourcing their operations to third-party firms and relying on dispatched employees, with the exception of top management positions. In many instances, firms have terminated existing employment contracts and transferred employees to independent human resource providers, thereby relinquishing direct employment relationships while continuing to utilise the same employees' services within their operations. This multilayered system of employment has created complex chains of accountability in which principal firms distance themselves from direct employment responsibilities, effectively transferring risks and obligations to intermediary contractors. As a result, workers are increasingly engaged under fragmented and insecure contractual arrangements that undermine job stability, social protection, and access to collective bargaining mechanisms. Perhaps the most profound consequence of extensive labour outsourcing has been the decimation of worker incomes and the erosion of economic security. Outsourced employees often receive significantly lower wages than their directly employed counterparts, with limited access to benefits such as pensions, healthcare, and job security. This has contributed to the emergence of a highly stratified labour force characterized by deep inequalities in income and working conditions. Taken together, the rise of labour outsourcing and subcontracting represents a central pillar of Zambia's transformed labour regime. It reinforces the broader

political-economic dynamics discussed in earlier sections, including the prioritization of flexibility and cost minimization, the weakening of labour institutions, and the increasing precarity of work. As such, labour outsourcing and subcontracting are not merely operational strategies but defining features of the contemporary labour market, with far-reaching implications for equity, productivity, and the future of decent work in Zambia.

Employees in the Agriculture, manufacturing, mining, cleaning, and private security industries are among those most adversely affected by the growing reliance on outsourced labour arrangements in Zambia (DoL, 2021) ^[7]. The agriculture industry, which includes forestry and fishing accounts for the highest share of employed persons. It accounts for 28.0 percent of the country's total workforce (ZSA, 2024) ^[17]. Despite its critical role in sustaining livelihoods, particularly in rural communities, employment in this industry is largely characterised by instability, informality, and precarious labour arrangements (DoL, 2021) ^[7]. A significant proportion of workers in commercial agriculture are engaged through seasonal, casual, or outsourced employment arrangements, often without written contracts, job security, or adequate social protection. As a result, many workers remain vulnerable to arbitrary dismissal, irregular wages, and poor working conditions. The seasonal nature of agricultural production further contributes to employment insecurity, as workers are frequently hired only during planting and harvesting periods and released once the season ends.

It is estimated that the mining industry alone employs approximately 2.3 percent of the country's total workforce (ZSA, 2024) ^[17]. Prior to the privatization reforms of the early 1990s, mining firms directly employed workers and generally offered more favourable conditions of service, including better remuneration packages (Money, 2022) ^[22]. However, these conditions have deteriorated significantly in recent years, as outsourced employees now outnumber directly employed workers, resulting in a labour environment in which the majority of employees operate under poor conditions of service. In many mining firms, particularly within the unskilled and semi-skilled categories, the labour force is now largely managed through independent labour-providing firms (Money, 2022) ^[22]. These contractors supply labour for both core operations, such as mining activities, and non-core functions, including transportation, security, cleaning, catering, plant maintenance, and equipment servicing. Although independent contractors are formally engaged to provide outsourced labour and related services, in some cases the labour is supplied through subsidiaries established by parent firms specifically to recruit and supply workers back to the same parent entities. As previously observed, directly employed workers and outsourced employees often perform similar duties within the same work environment. However, outsourced workers are frequently subjected to wage disparities when compared to workers directly employed by mining firms. This situation reflects a disregard for the principle of fair remuneration for equal work, commonly expressed through the doctrine of "equal pay for equal work," which is embedded within the country's labour laws. In addition, outsourced employees are commonly engaged

on short-term arrangements, often without formal contracts, and many remain outside trade union representation, thereby limiting their ability to demand improved conditions of service.

The private security industry, which largely functions through labour-dispatching arrangements, continues to be characterised by extremely poor remuneration standards, with wages in many cases falling below the legally prescribed minimum levels (DoL, 2021)^[21]. This situation is primarily attributable to the structure of outsourcing arrangements, where labour-supplying firms seek to derive profits from the services provided, while client firms are often unwilling to absorb additional labour costs. Consequently, outsourcing firms frequently reduce workers' wages in order to maintain profitability. A 2021^[7] survey conducted by the Department of Labour exposed serious violations within Zambia's private security industry, including widespread underpayment of workers and persistent wage arrears. The findings showed that most firms failed to comply with minimum wage regulations, largely due to competitive pressures associated with labour outsourcing and the drive to minimise labour costs. The study also revealed that many labour-dispatching firms operated informally as "briefcase enterprises" in order to avoid regulatory oversight and taxation obligations. This industry is further characterised by fragmentation and weak institutional organisation, which undermines effective collective bargaining and worker protection (DoL, 2021).

The manufacturing industry contributes approximately 9.5 percent to Zambia's Gross Domestic Product and has continued to experience steady growth due to increased investment (ZSA, 2024). Much of this growth has been concentrated in subsectors such as food and beverage processing, textiles, leather production, metal processing, fertilizer manufacturing, chemicals, explosives, cement production, wood processing, and paper manufacturing. A notable feature of this industry is the significant presence of Chinese investment, within which outsourced labour arrangements are highly prevalent. Although this industry provides jobs, estimated at about 6.7 percent of the country's total workforce, many workers continue to experience poor conditions of service (ZSA, 2024)^[17]. The private security industry is further characterised by considerable occupational health and safety risks arising from the use of heavy machinery and industrial processes such as smelting and refining. While workplace accidents occur across various industries, Chinese-operated manufacturing firms in the country are frequently criticised for inadequate health and safety standards. In addition, many workers are poorly remunerated and employed on casual or outsourced arrangements, making them highly vulnerable to arbitrary dismissal, particularly when they raise concerns about working conditions or labour rights.

Institutional and Legal Analysis

The protection of employees in Zambia is anchored in a comprehensive legal and institutional framework designed to promote fair labour practices, decent working conditions, and industrial harmony. The institutional framework supporting employee protection is largely administered through the Ministry of Labour and Social Security,

particularly the Department of Labour, which is responsible for labour inspections, dispute resolution, enforcement of labour standards, and initiating prosecution of labour law violations. The Industrial Relations Court also plays a significant role in adjudicating labour disputes and interpreting labour legislation. Furthermore, institutions such as the National Pension Scheme Authority (NAPSA), Workers' Compensation Fund Control Board (WCFB) and trade unions contribute to the protection of workers through social security administration and collective representation respectively. Zambia's membership in the International Labour Organization has also influenced the country's labour regime through the domestication of international labour standards and decent work principles.

The enactment of the Employment Code Act No. 3 of 2019^[10], represents a significant attempt by the Zambian government to modernize and consolidate the country's labour laws into a single, comprehensive legal framework capable of addressing the challenges posed by a rapidly changing labour market. The Employment Code Act can therefore, be understood as a direct institutional response to the structural transformations outlined in earlier sections, particularly the expansion of precarious employment and the weakening of traditional labour protections. However, substantial gaps remain that limit its effectiveness in protecting outsourced employees, particularly due to its failure to provide a comprehensive legal definition of labour outsourcing and the lack of clear statutory guidelines and regulations governing the practice.

In both political and legal discourse within Zambia, outsourcing is often used interchangeably with subcontracting and labour dispatching arrangements involving employment agencies. This creates legal ambiguity. Consequently, many firms engaged in labour outsourcing continue to operate within an uncertain regulatory environment that enables them to evade accountability while exposing workers to exploitation. The Employment Code Act, which regulates the employer - employee relationship, recognises "employment agencies" and appears to have intended to control the practice of labour outsourcing under the auspices of employment agencies. The Act defines "employment agency" in reference to "a person providing market services including— (a) matching offers of, and applications for, employment without the employment agency becoming a party to the employment relationship which may arise; (b) employing persons with a view to making them available to a third party, who may be a natural or legal person that assigns their tasks and supervises the execution of these tasks; or (c) services relating to job seeking as may be prescribed by the Minister, in consultation with the Tripartite Consultative Labour Council, in accordance with the Industrial and Labour Relations Act." Although not explicitly stated, the practice of "employing persons with the intention of making them available to a third party, who may be a natural or legal person, who assigns their tasks and supervises the execution of these tasks" interprets into labour outsourcing and is typically enforced as such.

Section 118(5) and (6) of the Act are particularly relevant to the present discussion concerning the legal safeguards intended to protect workers against the adverse effects of

labour outsourcing on job quality and remuneration. Subsection (5) makes it mandatory for an outsourced employee to have a contract of employment with the employment agency either before or at the commencement of employment. It provides that: “An employment agency shall not provide employment to an employee without ensuring that the employee has a contract of employment with the employment agency before or on the commencement of the employment.” This provision is significant for two principal reasons. First, it clarifies the nature of the employment relationship between the outsourced employee and the employment agency. Second, it formally establishes the employment relationship, thereby entitling the worker to the legal protections afforded under labour law. In this respect, outsourced employees are accorded the same legal recognition and status as employees engaged through direct employment arrangements.

Subsection (6) is intended to protect outsourced employees from being subjected to inferior conditions of service. It provides that: “An employment agency shall not assign an employee of the agency to a third party— (a) to replace employees of the third party who are on lawful strike; or (b) without ensuring that employees of the agency enjoy similar wages and conditions of employment with employees of the third party performing comparable tasks as the employees of the agency.” This provision serves two important purposes. First, it seeks to preserve the effectiveness and bargaining power of lawful industrial action by prohibiting employment agencies from supplying replacement labour during a legal strike. Employees often resort to lawful strike action in order to pressure employers to improve wages and working conditions. Allowing employment agencies to provide replacement workers during such periods would significantly undermine the effectiveness of the strike and weaken the collective bargaining power of workers and trade unions. Second, the provision seeks to prevent discriminatory treatment against outsourced employees by requiring parity in wages and conditions of employment between outsourced workers and directly employed workers performing comparable tasks. In this regard, the law attempts to ensure that labour outsourcing is not used as a mechanism for depressing wages or subjecting outsourced employees to inferior working conditions.

However, the provisions of Section 118(5) and (6) have regrettably failed to achieve the intended objectives, largely due to three reasons: First, the legislation appears to assume that organising a lawful strike is a relatively straightforward process. In practice, however, this is not the case, particularly for non-unionised employees. The right to strike in Zambia is subject to numerous procedural requirements and lengthy legal processes, making it extremely difficult for workers to lawfully engage in industrial action. Consequently, aggrieved employees often resort to illegal work stoppages which, unfortunately, expose them to dismissal. Second, the law appears to have been enacted on the assumption that firms would only partially outsource labour. Contrary to this assumption, many firms now rely almost entirely on outsourced labour throughout the production or operational chain, with the exception of management positions. As a result, there are often no directly employed workers performing comparable tasks

under better conditions of service against whom outsourced employees can be measured. Consequently, the comparative protection envisaged under the law becomes practically ineffective. The abundance of outsourced labour, particularly in non-technical occupations, has enabled receiving firms to impose poor conditions of service on outsourced employees with minimal resistance. Third, the Ministry of Labour and Social Security currently lacks adequate human and financial resources to effectively enforce compliance with labour laws. In practice, many firms are aware that the likelihood of detection and enforcement action is relatively low compared to the financial gains derived from non-compliance with labour laws and the payment of extremely low wages.

Another provision of the Employment Code Act that is capable of protecting outsourced employees is Section 5(1), (2), and (4), which prohibits discriminatory practices within an undertaking. Subsection (1) provides that: “An employer shall promote equal opportunity in employment and eliminate discrimination in an undertaking.” Similarly, subsection (2)(b) provides that: “An employer shall not, in any employment policy or practice, discriminate directly or indirectly against an employee or a prospective employee in respect of recruitment, training, promotion, terms and conditions of employment, termination of employment or other matters arising out of employment.” Of particular significance is subsection (4), which provides that: “An employer shall pay an employee equal wage for work of equal value.” The significance of this provision lies in the fact that it makes equal pay for work of equal value a legal obligation and prohibits discrimination in relation to terms and conditions of employment within an undertaking. In principle, this means that outsourced employees should not be treated differently from directly employed workers where both groups perform the same or substantially similar work of equal value. Although the provision appears to provide adequate legal protection for outsourced employees, its effective implementation in practice remains difficult due to persistent enforcement challenges.

The challenges in enforcement are particularly evident in the practical experiences of the Labour Commissioner’s office and the Industrial Relations Court, both of which play central roles in the implementation and interpretation of labour legislation in Zambia. The Labour Commissioner, through labour inspections and compliance audits, has on numerous occasions identified widespread violations relating to casualisation, non-payment of statutory benefits, absence of written contracts, and unlawful termination of employment, particularly within outsourced and subcontracted employment arrangements (DoL, 2021). However, despite the powers granted under the Act, enforcement efforts are often undermined by inadequate institutional resources, limited numbers of labour inspectors, logistical constraints, and the increasing complexity of employment structures involving multiple layers of contractors and subcontractors. In many cases, principal employers deny responsibility for labour violations by arguing that workers are legally employed by independent contractors, thereby creating practical barriers to accountability and enforcement. Similarly, the Industrial Relations Court has increasingly been called upon to

interpret provisions of the Employment Code Act in disputes involving unfair dismissal, employment status, redundancy, and employer obligations within triangular employment relationships. Judicial decisions have generally affirmed the protective intent of the legislation, particularly the need to safeguard workers from exploitative employment practices. Nevertheless, the Court has also faced difficulties in addressing the legal ambiguities created by subcontracting arrangements, especially in determining the identity of the true employer and the extent of liability between principal firms and labour contractors. As a result, while the Court has attempted to uphold labour protections through purposive interpretation of the law, the fragmented nature of modern employment relationships has often limited the practical effectiveness of judicial remedies. These institutional experiences demonstrate that the challenge is not merely the existence of labour laws, but the structural and political-economic conditions that constrain their effective implementation in an increasingly neoliberal labour market.

The Weakening of Trade Unions

Despite the existence of constitutional and statutory protections, the institutional capacity of trade unions has been significantly undermined in practice. Organizations such as the Mineworkers Union of Zambia and the National Union of Miners and Allied Workers, which historically played a central role in shaping labour relations within the mining industry for instance, have experienced a marked and sustained decline in both influence and organizational strength (Uzar, 2017) ^[28]. During the era of industrial paternalism, unions operated within a highly centralized and cohesive employment structure, where large numbers of workers were directly, and on permanent and pensionable terms, employed by a single entity. This concentration of labour facilitated union recruitment, strengthened solidarity, and enabled effective collective bargaining (Mueller and Philippon, 2007) ^[23]. Unions were not merely representative bodies but powerful institutional actors capable of shaping wage structures, working conditions, and broader social policy outcomes (Money, 2022) ^[22]. However, the transition to a neoliberal labour regime, characterized by privatization, foreign investment, and the proliferation of outsourcing, has fundamentally destabilized these institutional foundations (Lochery et al., 2024) ^[17].

A central factor in the weakening of trade unions has been the fragmentation of the workforce. The rise of multilayered employment arrangements has disrupted the traditional employer–employee nexus upon which union organizing depends. Workers are now dispersed across numerous outsourcing and subcontracting firms, often with varying contractual terms, employment durations, and workplace conditions. This fragmentation significantly increases the transaction costs of organizing, as unions must engage with multiple employers rather than a single, centralized entity. Moreover, outsourced and subcontracted workers are frequently excluded from formal union membership either by design or by circumstance, as their employment status is not guaranteed. (Asci, 2019) ^[1]. Even when legal provisions do not explicitly prohibit their inclusion, practical barriers, such as short contract durations, high labour turnover, and

geographic dispersion, make sustained union engagement exceedingly difficult (Shamir, 2016; Bhandari, 2008) ^[2, 25].

In addition to structural fragmentation, the precarious nature of subcontracted employment has introduced a climate of fear and insecurity that further undermines unionization efforts (Kaindama and Qutieshat, 2022; Crush et al., 2001) ^[6, 14]. Workers employed on short term often perceive union membership as a risk rather than a protection, given the ever present possibility of contract non-renewal or dismissal. This creates a deterrent effect, whereby workers rationally opt to avoid collective action in order to preserve their immediate livelihoods. The result is a significant expansion of what may be described as a “representation gap,” in which a large and growing segment of the workforce remains effectively outside the reach of formal labour institutions (Stewart et al., 2026; McNamara, 2021) ^[7]. This gap not only weakens unions numerically but also erodes their legitimacy as comprehensive representatives of worker interests across the industry. The implications of declining union density (Jackson and Quinlan, 2024) ^[13] extend beyond membership figures to affect the very mechanics of collective bargaining and labour administration. With a reduced and increasingly segmented membership base, unions face constraints in mobilizing industrial action, negotiating sector-wide agreements, and enforcing compliance with existing labour standards. Employers, particularly those operating within outsourcing and subcontracting chains, are able to exploit these weaknesses by engaging in practices that dilute accountability and circumvent collective agreements (Bulled and Singer, 2024) ^[4]. In many cases, principal firms distance themselves from direct labour obligations by delegating employment functions to contractors, thereby limiting the scope of union influence. This has contributed to a decentralization of bargaining processes, where negotiations, if they occur at all, are confined to smaller units with limited leverage. Consequently, the traditional model of centralized, sector-wide bargaining that once characterized the mining industry has been significantly weakened (Madlala and Govender, 2018) ^[19].

Financial sustainability has emerged as another critical challenge confronting trade unions in this transformed environment. The decline in membership has directly translated into reduced subscription revenues, undermining the capacity of unions to maintain administrative structures, support organizing activities, and provide legal representation to members (Bryson et al., 2017; Streeck and Visser, 1998) ^[3, 27]. In response, unions have increasingly been compelled to adopt alternative survival strategies. One notable development has been the reorientation toward forms of entrepreneurship, whereby unions offer credit facilities, consumer goods, and other financial services to their members as a means of generating income (McNamara, 2021) ^[21]. While these initiatives reflect a degree of institutional adaptability, they also signal a profound shift in the functional orientation of unions, from collective bargaining agents to hybrid organizations that combine representation with service provision. This transformation raises important normative and practical questions about the future role of trade unions, particularly regarding their ability to prioritize collective worker

interests in the face of financial imperatives. Furthermore, the weakening of unions must also be understood within the broader context of regulatory and institutional limitations. Although the legal framework formally recognizes and protects the right to organize, enforcement mechanisms remain uneven and often insufficient to address violations, particularly within subcontracted and informal segments of the labour market. Labour inspectorates frequently face resource constraints, limiting their ability to monitor compliance across a dispersed and complex employment landscape. At the same time, the rapid evolution of employment practices has outpaced the adaptive capacity of legal and institutional frameworks, creating regulatory gaps that employers can exploit. This disconnect between formal protections and practical realities underscores the limitations of legal reforms in the absence of strong institutional enforcement and supportive structural conditions. Taken together, the weakening of trade unions reflects a broader reconfiguration of power relations within Zambia's labour market. It illustrates how structural economic transformations, driven by privatization, foreign investment, and outsourcing, can erode long-standing systems of worker representation, even in the presence of formal legal protections. The decline of union influence not only affects wage outcomes and working conditions but also has wider socio-economic implications, including increased inequality, reduced social dialogue, and the marginalization of worker voices in policy processes. As such, the challenges facing trade unions are not merely organizational but systemic; this points to the need for a comprehensive rethinking of labour administration in order to restore balance and ensure the effective representation of workers in an increasingly fragmented labour market.

Challenges and Implications

The transformation of the Zambian labour market, as traced through the preceding sections, presents a set of deeply interrelated challenges that extend beyond the workplace to the broader political economy of development. These challenges are not merely transitional or incidental; rather, they reflect structural tensions embedded within Zambia's integration into the global economy and its reliance on capital intensive extractive industries. At the core of these tensions is the persistent struggle to reconcile the imperatives of attracting foreign direct investment with the need to uphold labour standards, ensure social protection, and promote equitable economic development. In an increasingly competitive global investment environment, host countries such as Zambia are often compelled to offer favourable fiscal and regulatory conditions to attract and retain foreign investors. Within the mining industry for instance, this dynamic has at times manifested in policy concessions, including adjustments to tax regimes, regulatory leniency, and a cautious approach to enforcing labour standards (Uzar, 2017) ^[28]. When faced with threats of mine closures, capital flight, or the withdrawal of corporate social responsibility programmes, the state has occasionally adopted a conciliatory stance toward investors. This creates a structural imbalance in which regulatory authority is effectively constrained by the mobility of capital, limiting the government's ability to enforce robust

labour protections. The result is a downward pressure on labour standards, as firms leverage their economic significance to negotiate more flexible and less stringent regulatory conditions. This dynamic not only undermines the credibility of labour institutions but also entrenches a development model in which worker welfare is subordinated to investment imperatives.

Closely related to this is the challenge of institutional ineffectiveness, particularly in the enforcement of existing labour laws and regulations. While the Ministry of Labour and Social Security has, at various points, considered or proposed reforms aimed at curbing exploitative labour practices, including discussions around the prohibition or stricter regulation of outsourcing and subcontracting, the practical realization of such measures has proven elusive (Uzar, 2017; Vosko et al.,2017) ^[28, 29]. This gap between policy intention and implementation reflects deeper institutional constraints, including limited human and financial resources, inadequate inspection capacity, and the complexity of regulating large, transnational corporations operating through intricate subcontracting networks. The layered structure of outsourcing arrangements allows principal firms to obscure lines of responsibility, making it difficult for regulators to attribute liability or enforce compliance effectively (Pilbeam et al.,2020; Liang,2024) ^[17, 24]. Furthermore, regulatory agencies often operate within a broader political context in which economic considerations, such as maintaining investor confidence and safeguarding employment levels, may take precedence over strict enforcement. This institutional fragility not only weakens the effectiveness of labour laws but also signals to employers that non-compliance may carry limited consequences, thereby perpetuating a cycle of regulatory evasion. Another critical implication of this labour market transformation is the erosion of social security systems and the increasing vulnerability of workers. Under the previous regime associated with industrial paternalism, employment status was closely linked to a comprehensive package of social benefits, including pensions, healthcare, housing, and other welfare provisions. These benefits were not merely supplementary but formed an integral part of the employment relationship, contributing to long-term economic stability for workers and their families. However, the growing reliance on outsourced and subcontracted labour has created unstable forms of employment that have fundamentally disrupted this model. Majority of the outsourced and subcontracted workers now lack access to formal social security schemes, including pension contributions and health insurance, leaving them exposed to significant risks over the life course. The absence of social protection has far-reaching consequences. At the individual level, workers face heightened economic insecurity, particularly in the event of illness, injury, or job loss. At the household level, this insecurity translates into reduced resilience and increased susceptibility to poverty, as families lack the safety nets necessary to absorb economic shocks. At the societal level, the erosion of social security contributes to widening inequality and places additional pressure on informal support systems and public welfare programmes. In the long term, this dynamic undermines the sustainability of economic development by weakening

human capital formation and limiting the capacity of workers to participate fully in the economy.

Moreover, these challenges are mutually reinforcing. The race to attract investment constrains regulatory enforcement; weak institutions enable the proliferation of precarious employment practices; and the resulting erosion of social protection deepens worker vulnerability, further weakening their bargaining power. This cyclical interaction highlights the systemic nature of the problem and underscores the limitations of isolated policy interventions. Addressing these challenges therefore requires a holistic approach that not only strengthens legal and institutional frameworks but also reconsiders the broader development model underpinning Zambia's labour market transformation.

Conclusion

The transformation of the Zambian labour market through outsourcing and subcontracting represents a complex and deeply embedded manifestation of neoliberal political economy, shaped by the interplay of privatization, foreign direct investment, and evolving institutional frameworks. As demonstrated throughout this article, the shift from a state-led model of industrial paternalism to a market-driven labour regime has fundamentally altered the nature of employment relations, redistributing risk from capital to labour and entrenching new forms of precarity. While outsourcing and subcontracting have been justified in terms of efficiency, flexibility, and competitiveness, their cumulative effect has been the fragmentation of the workforce, the weakening of trade unions, and the erosion of long-standing systems of social protection. These dynamics underscore the extent to which labour market outcomes in Zambia are not merely the product of firm-level decisions, but are deeply conditioned by broader structural and political-economic forces. Within this context, legal reforms, such as the enactment of the Employment Code Act No. 3 of 2019^[10] represents a significant institutional effort to recalibrate labour administration and restore a measure of protection for workers. The reforms reflect the State's recognition of the adverse consequences associated with the current labour market environment and the need to modernise regulatory frameworks in response to evolving employment practices. However, as the analysis has demonstrated, the effectiveness of these reforms remains constrained by the structural dominance of outsourcing and subcontracting arrangements, as well as the institutional limitations affecting enforcement mechanisms. The persistence of multilayered outsourcing and subcontracting arrangements continues to dilute employer accountability and undermine the practical realization of statutory protections, resulting in a gap between legal intent and lived experience. In this regard, the legal framework, while progressive in design, remains insufficient as a standalone instrument for addressing the deeper structural imbalances within the labour market.

For Zambia to achieve a more sustainable and equitable labour market, policy responses must move beyond incremental or piecemeal reforms and engage directly with the underlying distribution of power between global capital and local labour. This requires not only strengthening legal frameworks and enforcement capacity but also rethinking

the broader development paradigm that prioritizes investment attraction and cost competitiveness over social welfare considerations. A more balanced approach would entail the formulation of policies that incentivize responsible investment, promote decent work standards, and enhance the capacity of labour institutions to operate effectively within a globalized economic environment. It would also necessitate greater coordination between state agencies, stronger mechanisms for monitoring compliance, and the active inclusion of worker representatives in policy formulation and implementation processes. Furthermore, there is a pressing need to reimagine labour administration in ways that address the realities of a fragmented and increasingly informalized workforce. This may involve exploring new forms of worker representation, extending social protection systems to cover non-standard forms of employment, and developing regulatory tools capable of addressing the complexities of outsourcing and subcontracting chains. Without such innovations, existing institutional arrangements risk becoming increasingly disconnected from the realities of the labour market they are intended to regulate.

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