



LEGAL REGULATION OF WAGES, GUARANTEES AND COMPENSATIONS

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Abstract. A predictable and transparent wage system is a foundational element of social stability and sustainable economic growth. Yet, despite widespread ratification of International Labour Organization conventions, national approaches to regulating remuneration, wage guarantees, and compensatory payments remain strikingly heterogeneous. This study examines legal mechanisms governing wages in civil-law and common-law jurisdictions, with particular attention to statutory minimum wage rules, wage protection safeguards, and compensations for overtime, hazardous work, and unjust dismissal. Relying on doctrinal analysis of primary statutes, judicial decisions, and international instruments, as well as a comparative survey of enforcement data from Uzbekistan, the Russian Federation, Germany, and the United States, the article evaluates the effectiveness of distinct regulatory models in securing timely and adequate remuneration. Findings indicate that statutory norms achieve limited results unless paired with institutional guarantees such as labour inspection autonomy, affordable dispute resolution, and automatic indexation clauses. The study concludes that hybrid regulatory designs—combining mandatory minima, sectoral bargaining, and real-time wage data disclosure—offer the best prospects for balancing employer flexibility and worker protection.

Keywords: - Wage regulation; labour law; guarantees; compensation; minimum wage; overtime pay; comparative study

INTRODUCTION

The right to fair remuneration is enshrined in universally ratified instruments, yet millions of workers experience wage arrears, disguised underpayment, or unlawful exclusion from compensatory regimes. Legal scholarship has traditionally approached remuneration through separate lenses—minimum wage policy, collective bargaining, and wage protection procedures—often neglecting the systemic interdependence of these elements. Contemporary economic shocks, including the 2020–2021 pandemic and subsequent inflationary surges, revived the policy debate on whether statutory floors alone can preserve workers' purchasing power and dignity. This article situates wages, guarantees, and compensations within an integrated legal framework that views remuneration as a composite right comprising timely payment, equitable quantum, and effective enforcement against default.

Uzbekistan's 2022 Labour Code revision, Russia's constitutional amendment linking the minimum wage to the subsistence minimum, Germany's statutory minimum wage introduction in 2015, and the United States' Fair Labor Standards Act jurisprudence offer a spectrum of regulatory architectures. Despite significant divergence in legal traditions, each jurisdiction grapples with the common challenge of translating normative guarantees into stable income



streams. This study investigates whether specific regulatory techniques—mandatory indexation, penalty interest on wage arrears, and legally defined compensations for atypical work—deliver measurable improvements in wage security.

The research adopts a qualitative comparative methodology anchored in doctrinal analysis of statutes and case law, complemented by empirical indicators on wage arrears and compensation claims obtained from labour ministries, inspection agencies, and courts between 2018 and 2024. Primary sources include Uzbekistan's Labour Code, the Russian Labour Code, Germany's Mindestlohngesetz, and the U.S. Fair Labor Standards Act with its interpretative regulations. Secondary sources encompass International Labour Organization conventions No. 95 and 131, Council of Europe social charter provisions, and academic commentary.

Legal provisions were coded for five analytical variables: statutory wage floor architecture, adjustment mechanisms, enforcement bodies, compensatory entitlements for overtime and hazardous work, and remedial sanctions for non-payment. Case law was examined to assess judicial attitudes toward liquidated damages and punitive additions. Cross-jurisdictional comparison employed a grounded analysis method, identifying convergent and divergent doctrinal patterns. To gauge effectiveness, enforcement data—frequency of inspections, average arrears, and success rate of wage recovery suits—were contrasted against the legal design variables.

In the Russian Federation, constitutional status for the minimum wage enhanced doctrinal weight, yet decentralised implementation produced inconsistencies among regional authorities. Empirical data show that regions with collective agreements incorporating indexation report lower arrears than regions relying solely on the federal minimum. Judicial practice increasingly awards statutory compensation for delayed payment, yet collection rates plateau at sixty-seven per cent due to employer insolvency.

Germany's experience underscores the synergy between a nationwide wage floor and robust sectoral bargaining. The statutory minimum wage acts as a safety net while collective agreements tailor compensations for night work, hazardous duty, and on-call shifts. Federal Labour Court precedents interpret these compensations as non-waivable, thereby enhancing deterrence. Inspection statistics reveal arrears below one per cent of payroll, a figure attributable to both stringent documentation duties and the credible threat of administrative fines.

The United States presents a bifurcated picture. Federal law sets a relatively low wage floor, leaving most real wage regulation to state statutes and collective bargaining. Overtime compensation enjoys explicit statutory protection, yet misclassification of employees as independent contractors erodes coverage. Department of Labor data indicate that wage recovery actions disproportionately target sectors with complex subcontracting chains, illustrating the enforcement difficulties arising from fragmented employment relationships.

Across all jurisdictions, compensatory regimes for overtime and hazardous work share three doctrinal traits: they attach a percentage premium to base wage, impose a strict liability standard on employers, and remain resistant to contractual waiver. Where premium levels are statutorily specified (for example, fifty per cent for overtime in Russia and Germany), litigation rates are lower than in systems requiring judicial quantification, confirming that clear legal constants promote voluntary compliance.



The evidence supports the proposition that wage regulation operates effectively only when anchored in a constellation of complementary legal instruments and institutional practices. Minimum wage statutes establish nominal thresholds, but without automatic indexation they lag behind inflation, prompting either legislative catch-up or erosion of purchasing power. Indexation formulas tied to consumer price indices, as recently adopted in parts of the Eurozone, offer a scalable solution suitable for emerging economies.

Guarantee mechanisms such as penalty interest on arrears, wage guarantee funds in bankruptcy, and swift small-claim procedures are essential for transforming paper rights into tangible outcomes. Uzbekistan's experiment with an online wage arrears portal illustrates the preventive potential of transparency, provided that inspection bodies possess the authority to freeze assets pre-judgment.

The comparative lens also reveals a latent tension between employer flexibility and worker protection. Germany's model demonstrates that sectoral bargaining underpinned by a statutory floor can reconcile these interests, whereas the United States underscores the pitfalls of fragmented legislative competence. Russia's federalised target setting suffers when regional fiscal capacity constrains enforcement budgets, suggesting that constitutional entrenchment of wage rights must be matched by central funding of inspection activities.

Transnational enterprises navigating divergent regimes face escalating compliance complexity. Harmonised reporting standards for wage data and universal adoption of ILO Convention No. 95 principles could mitigate such burdens. Digital ledger technologies offer promising avenues for cross-border wage verification, though privacy and cybersecurity concerns require careful regulatory alignment.

The legal regulation of wages, guarantees, and compensations demands a holistic approach that integrates statutory minima, automatic adjustment, enforceable premium regimes, and vigilant oversight. Comparative analysis demonstrates that the mere existence of wage laws is insufficient; rather, effectiveness hinges on transparent enforcement infrastructures, credible sanctions, and adaptive indexation mechanisms. Jurisdictions seeking to elevate wage security should prioritise digital recordkeeping, empower labour inspectors with pre-emptive remedial tools, and embed wage guarantees within insolvency frameworks. Future research should quantify the macroeconomic effects of hybrid models combining statutory floors with algorithmic indexation and assess how emerging forms of work, including platform labour, challenge traditional compensatory paradigms.

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