



Journal Website:  
<https://frontlinejournal.s.org/journals/index.php/fmmej>

Copyright: Original content from this work may be used under the terms of the creative commons attributes 4.0 licence.

## Research Article

# FOREIGN EXPERIENCE IN THE ORGANIZATION OF REMUNERATION IN UZBEKISTAN

**Submission Date:** November 20, 2023, **Accepted Date:** November 25, 2023,

**Published Date:** November 30, 2023

**Crossref doi:** <https://doi.org/10.37547/marketing-fmmej-03-11-04>

**Dilorom Xojimuratovna Askarova**

Phd, Associate Professor, " Economic Analysis " Department, Tashkent Financial Institute, Uzbekistan

## ABSTRACT

Reviewed the experience of wage organization in various European countries where active work is under way to improve the system of remuneration for workers in the public sector. New and effective systems of remuneration for workers in this field that take into account their performance have been considered.

The purpose of this article is to study the experience of adapting the system of organization and incentives of employees of the budgetary sphere in different European countries to the accounting system of our country, taking into account the peculiarities of economic development of our country and current realities.

## KEYWORDS

Work, pay, minimum wage, piece pay, time pay, wage scale, job incentives, flexible pay systems.

## INTRODUCTION

The COVID-19 pandemic has caused an unprecedented global economic and labor market crisis, resulting in massive losses of jobs and

working hours. As of November 2020, more than 45 million confirmed cases of COVID-19 have

been reported worldwide, and more than 1.1 million people have died from the disease [1].

Many developed countries adopted unprecedented policy measures, without which the economic and labor market effects of the crisis would have been much worse. Wage subsidies and other income support measures aimed at stimulating the economy and preventing large-scale bankruptcies were complemented by more general measures. In such unexpected turns of economy one of the urgent issues is the study of experience of foreign countries on the organization of wage accounting and, if necessary, its application to the economy of Uzbekistan.

In economics, the issues of wages have been systematically studied and have always been in the center of attention of economists. A. A. Sobolevskaya, who studies the improvement of labor remuneration calculation, considers the typology of national systems of material incentives and identifies three systems of wages and material incentives: American, European (mainstream, German and French versions) and Japanese system of "lifetime employment" [2]. According to E. Zhulina, the forms of wage organization in developed countries depend on the goals of the enterprise or organization. She

believes that the use of various combined forms of wage organization is the best way to increase the income of the organization and the efficiency of employees [3].

According to D. Gamont and M. Schindler, workers' productivity is directly related to wages: "...hundreds or thousands of empirical studies estimating human capital wage equations confirm that workers' characteristics, which can be considered as indicators of labor productivity, are positively related to wages." [4].

All forms of accounting and calculation of workers' wages abroad are based on:

- minimum wage, the permissible limit of its increase in the period of inflation, as well as the regulation of tax policy by the state;
- Regulation of the general procedure for income indexation, the form and system of wages, the amount of lump-sum wage increases, social allowances and benefits on the basis of an agreement between the government, industry managers and trade unions.

Regulation in terms of setting and changing the minimum wage in developed countries is defined in the International Labor Organization

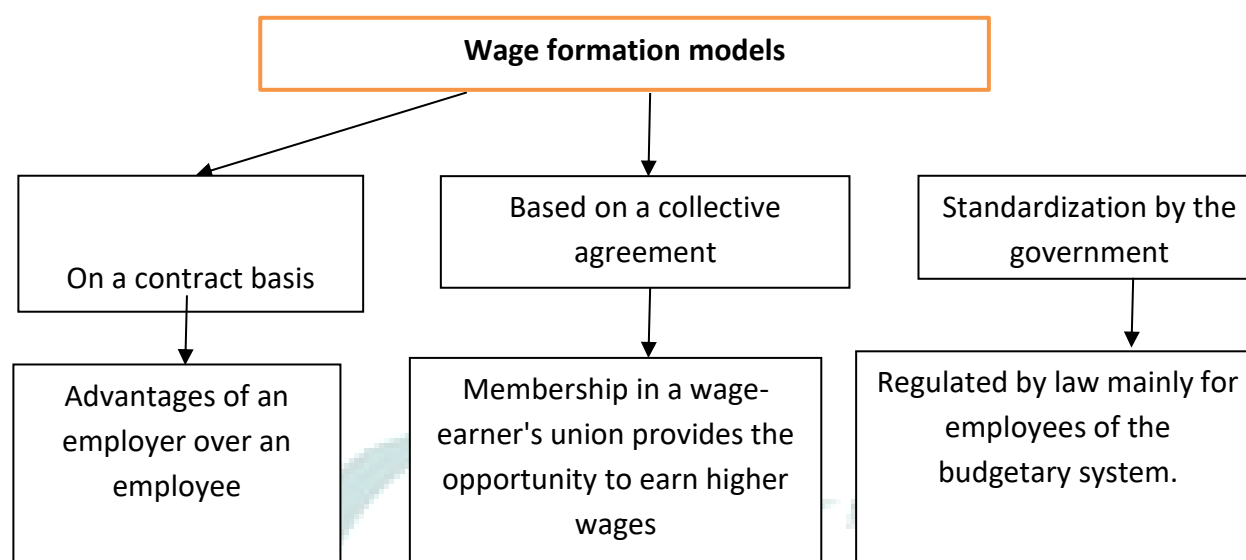
Convention No. 131 of 1970 "On Minimum Wages" [5].

Determining an appropriate minimum wage in accordance with the provisions of this convention requires social dialog, the needs of workers and their families, and economic factors. Studies show that, on average, the minimum wage is 55% of the average wage in developed countries and 67% of the average wage in developing countries. In most developed countries, the minimum wage is between half and two-thirds of the average wage. In 2019, the average global minimum wage before taxes (at purchasing power parity) was \$486 per month [6].

The practice of setting the minimum wage in foreign countries is very different. For example, in the USA it is organized at the national level. However, other companies may have much higher rates. Japan, for its part, sets a national minimum wage by the government. In France, the government sets the minimum wage required for all businesses. In Germany, since January 2015, a minimum wage law has been adopted at the national level and its amount has been determined; previously it was determined only by trade union agreements with employers' associations.

In general, employers in other countries use the Geneva scheme, which is used to establish a tariff-based wage system, when organizing wages. When determining the level of wages, this scheme provides for the following factors [7]: special knowledge and skills (qualification requirements) - requirements for professional education, work experience, mental abilities; load, i.e. the level of impact of work on the human body, its efficiency and health; responsibility - material, for employees in the production process, for the preservation of trade secrets, etc. It should be noted that in recent years in Europe for the calculation of annual bonuses and current employee bonuses, an assessment based on monitoring the fulfillment of KPIs (key performance indicators) is often used [8]. "Flexible" wage systems in Germany and the UK are based on employee participation in the firm's profits or income distribution. In Germany, collective bargaining is based on forecasts of labor productivity and price growth. These contracts are renegotiated every 1-2 years. This is based on the fact that government and corporate policies in the field of human resource payroll accounting are oriented towards combining professions and paying for additional responsibilities [9]. The main models of wage

formation in Germany and their peculiarities are presented in Figure 1.

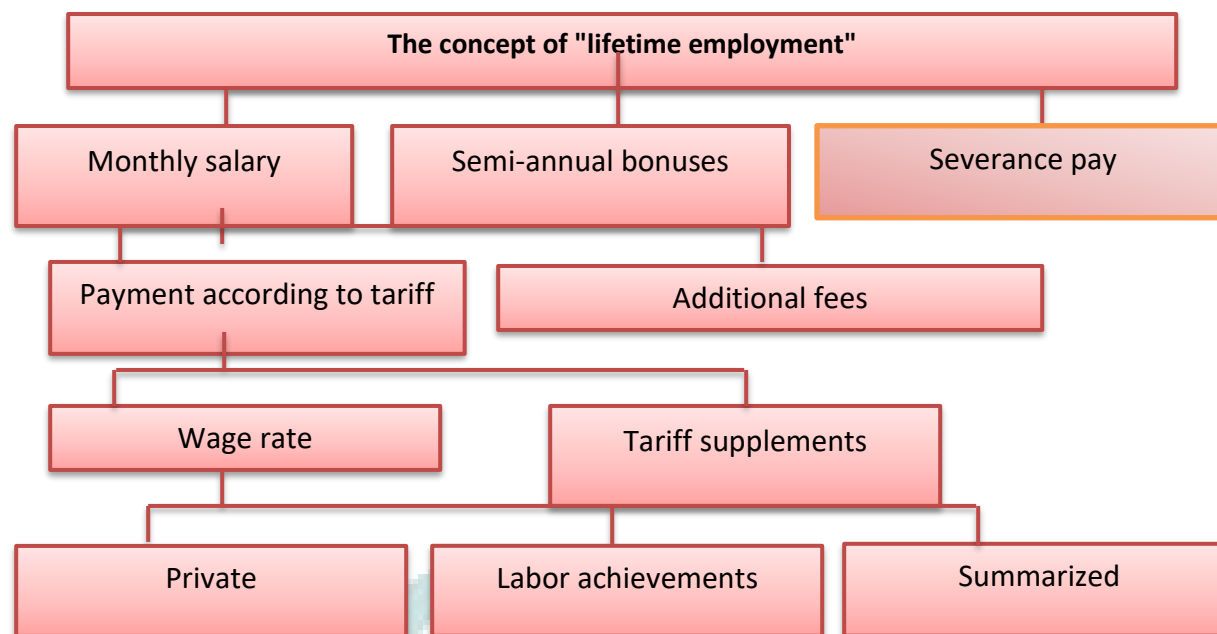


**Figure-1. Models of wage formation in Germany**

Another of the most unique models of wage systems is the Japanese model, which includes a system of collective bargaining between workers and businesses. In Japan, a monthly salary is determined by a monthly salary consisting of a bonus and a wage rate, which is referred to as the "base salary". Japan's pay system practices have always been based on an employee's length of service with the company, and this approach focuses primarily on employees who are engaged

in production activities. Sources recognize that the longer a worker is employed by a company, the greater their knowledge, skills, and overall performance.

In Japan, when determining the wages of an employee, special attention is paid to the length of service, in this regard, the concept of "lifetime employment" was developed [Fig. 2].



**Figure-2. Wage structure according to the concept of "Lifetime Employment" in Japan [10]**

Analysis of the experience of foreign countries in the organization of labor remuneration allows us to draw the following conclusions:

1. In a number of economically developed foreign countries (Germany, Great Britain, France, etc.) there is a positive experience of using unified tariff networks for remuneration of workers in budgetary sectors.

2. In economically developed countries, along with state regulation, new flexible systems of labor remuneration are becoming widespread. All European countries are characterized by the

spread of systems of payment for knowledge and skills, which allow to transfer a part of "flexible payments" to those programs that are most interesting to the employee, taking into account the personal characteristics and needs of the employee. Rewards, incentives to achieve long-term goals, a social package and intangible incentives should also be used more extensively.

3The German experience can also be used in the remuneration of high-level scientific and pedagogical staff. The salaries of professors consist not only of a fixed salary corresponding to one of the three categories, but also of additional

incentive payments based on performance. The downside is that seniority bonuses are not available to all categories of teachers.

It is also important to take into account democratic primacy when proposing new progressive systems of wage forms. The participation of a greater number of workers' representatives in decision-making by the management bodies on the payment of wages and the creation of forms of incentives, as well as the unanimous acceptance by all of the proposals will prevent unequal distribution of wages in the future. [11]

The management of enterprises in our country is recommended to pay special attention to the Japanese system of labor remuneration based on the use of two-factor model. According to its model, employees are influenced by various groups of factors. Creation of motivational environment at Japanese enterprises consists, first of all, in introduction of incentive methods of labor remuneration. At the majority of Uzbek enterprises, employees' salaries are not very motivated. It includes such forms of labor remuneration as salaries, bonuses, inefficient forms of tariff incentives, and practically does not depend on the qualifications of the employee, his

actual labor contribution and the results of the enterprise.

In our opinion, it is recommended that companies adopt the most reasonable methods of the Japanese pay system that have a motivating effect on employee behavior. Such methods include "adaptive" wages, distribution of workers' income based on expert opinion and non-tariff wages. The economic rationality inherent in these methods determines the expediency of their use in organizations.

## REFERENCES

1. Доклад о заработной плате в мире в 2020-2021 гг. Заработная плата и ее минимальный размер в период пандемии COVID-19. Международное бюро труда – Женева: МОТ, 2021.с 242
2. Соболевская А. Новые тенденции в оплате труда в США//Труд за рубежом.2004-№3-446
3. Жулина Е, Иванова Н. Европейские системы оплаты труда. М.: Управление персоналом, 2007. с216
4. Damien Gaumont, Martin Schindler, and Randall Wright, Alternative Models of Wage Dispersion, Article in SSRN Electronic Journal



- April 2005 DOI: 10.2139/ssrn.874286 ·  
Source: RePEc
5. Давидова В. В. Зарубежный опыт учета и анализа / В. В. Давидова, Е. Г. Москалева, Н. А. Горбунова. – Саранск, 2011, 120 б.
  6. Доклад о заработной плате в мире в 2020-2021 гг. Заработная плата и ее минимальный размер в период пандемии COVID-19. Международное бюро труда – Женева: МОТ, 2021, 244 б.
  7. Пелькова С. В. Организация оплаты труда за рубежом. // Вопросы структуризации экономики № 2, 2010. 379-384.б
  8. Москалева Е. Г. Внедрение системы мотивации персонала на базе KPI – ключевых показателей эффективности / Е. Г. Москалева – Контентус. - [электронный ресурс]: 2016.
  9. Исакова Л. Е. Международные модели оплаты труда: сравнительно-правовой анализ / Л. Е. Исакова, А. В. Дорош // Экономика и право, 2015. 64 -66 б.
  10. Костенко Е.П., Поликанов П.И. Особенности системы оплаты труда в Японии и возможности её применения в России//Экономические аспекты стратегии модернизации России. Сборник научных трудов / Под ред. проф. Алешина
  - В А, проф, Чернишев М.А., проф. Анопченко Т.Ю. - Ростов н/Д.: Изд-во «АкадемЛит», 2011-208б.
  11. Guillermina Jasso. A new model of wage determination and wage inequality. Rationality and Society. 2009 Sage Publications. Los Angeles, London, New Delhi, Singapore and Washington DC, Vol 21 (1):113-168. <http://rss.sagepub.com> DOI: 10.1177/1043463108099350