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From Wage Regulation to Workplace Governance: A Business Management and Social Justice Lessons from Pakistan's Minimum Wage Litigation

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ABSTRACT

Minimum wage regulation is conventionally treated as a legal or macroeconomic policy issue. This study reframes minimum wage compliance as a business and management governance challenge (Dobbins, 2023), examining why violations persist despite clear statutory mandates and repeated judicial enforcement. Adopting a qualitative, theory-driven design, the study conducts a systematic thematic analysis of judgments from the Pakistani labour court, High Court, and Supreme Court spanning nearly three decades. Judicial decisions are analysed as empirical data reflecting organizational wage practices, managerial rationalizations, and institutional enforcement dynamics. The analysis is guided by an integrated framework drawing on Organizational Justice Theory, HR Governance Theory, and Institutional Theory.Four dominant themes emerge: (1) wage governance and managerial compliance failure, (2) structural misalignment between minimum wages and living wages, (3) disproportionate wage injustice affecting vulnerable and gendered occupations, and (4) courts functioning as reactive, corrective governance mechanisms. The findings show that minimum wage violations are systemic rather than incidental, reflecting weak HR governance, fragmented accountability through outsourcing, and institutional decoupling between legal norms and organizational practice.

Keywords: Minimum wage compliance; Organizational justice; Living wage; Labour courts;

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1 INTRODUCTION

Wage regulation occupies a critical position at the intersection of business management, labour governance, and social justice. While minimum wage laws are formally designed to protect workers from exploitation and ensure a basic standard of living, their effectiveness ultimately depends on organizational compliance, managerial intent, and institutional enforcement mechanisms (Deakin et al., 2014; ILO Country Office for Pakistan, 2025). In many developing economies, including Pakistan, statutory minimum wages increasingly fail to keep pace with inflation, rising living costs, and workforce diversification, thereby transforming wage regulation from a protective instrument into a source of persistent industrial conflict and litigation (Barford et al., 2025; Sotomayor, 2021).

From a business and management perspective, minimum wage compliance is not merely a legal obligation but a core component of human resource governance, organizational justice, and sustainable industrial relations. Contemporary management scholarship emphasizes that fair compensation systems shape employee motivation, engagement, legitimacy perceptions, and long-term organizational performance (Badaoui & Walsh, 2022; Bossler et al., 2022; Colquitt et al., 2012). When wage systems fail to meet subsistence needs, organizations experience higher turnover, legal disputes, reputational damage, and deteriorating employment relations—outcomes that directly undermine managerial effectiveness and organizational sustainability (Budd, 2006; Wilkinson et al., 2020).

In Pakistan, the problem is particularly acute. Despite repeated upward revisions of statutory minimum wages, empirical evidence demonstrates a widening gap between minimum wages and living wages, especially in urban and inflation-sensitive labour markets (Lykke et al., 2022; PBS, 2023). This discrepancy has disproportionately affected workers in low-wage and feminized occupations such as security services, domestic work, education, and healthcare support roles. As a result, labour courts have increasingly become arenas where workers seek redress for what are fundamentally managerial and governance failures rather than isolated legal violations.

Judicial decisions in labour and constitutional courts consistently frame minimum wages as integral to the right to life, dignity, and equality. However, the recurrence of litigation suggests that legal recognition alone is insufficient to secure substantive justice at the workplace level. This exposes a critical management paradox: why do organizations continue to violate minimum wage laws despite clear legal standards, judicial enforcement, and reputational risks? Addressing this question requires moving beyond purely doctrinal legal analysis toward a business-oriented examination of wage governance, compliance behavior, and organizational justice systems.

Although extensive literature exists on the economic effects of minimum wages—particularly employment outcomes and wage distribution—three significant gaps remain.

First, most minimum wage research remains macro-economic in orientation, focusing on labor market aggregates while neglecting organizational-level governance and managerial decision-making processes that shape compliance behavior Neumark & Wascher, 2008; Dube, 2019). As a result, minimum wage violations are often treated as policy failures rather than management failures.

Second, there is limited empirical research that systematically analyzes labour court judgments as data sources for understanding organizational behavior, enforcement breakdowns, and justice perceptions. Courts represent critical institutional interfaces where business practices, labour rights, and state authority intersect, yet they remain underutilized in management and HRM scholarship—particularly in Global South contexts (Deakin et al., 2017; Budd, 2021).

Third, existing studies rarely integrate social justice theory—especially distributive, procedural, and participatory justice—into analyses of wage compliance. While organizational justice research is well established in management literature, it has seldom been applied to statutory wage regimes and labour

litigation, creating a disconnect between HRM theory and labour law practice (Colquitt et al., 2021; Wilkinson et al., 2020).

This study addresses these gaps by adopting a business and management lens to analyze minimum wage litigation, positioning wage compliance as a function of organizational governance, managerial accountability, and justice-oriented HR systems. To address the above gaps, this study investigates the following research questions:

What organizational and managerial factors contribute to recurring minimum wage violations as reflected in Pakistan's labour court judgments? To what extent do statutory minimum wages align with living wage requirements, and how does this gap manifest in organizational disputes and litigation? How do minimum wage violations intersect with diversity, equity, and inclusion (DEI) concerns, particularly in gendered and vulnerable occupations?

Accordingly, through grounding minimum wage analysis in labour court jurisprudence and organizational justice theory, this study contributes to business and management scholarship by reframing wage regulation as a strategic HRM and governance concern with direct implications for organizational legitimacy, workforce stability, and social sustainability.

2. LITERATURE REVIEW

2.1 Organizational Justice Theory and Wage Compliance

Organizational Justice Theory posits that employees evaluate fairness through distributive justice (fairness of outcomes), procedural justice (fairness of processes), and interactional/participatory justice (respect, voice, and dignity in treatment) (Colquitt et al., 2012). Compensation systems are among the most salient justice cues in organizations, as wages directly signal how organizations value labour and distribute economic outcomes (Cropanzano et al., 2007).

In management research, wages below subsistence thresholds are consistently associated with perceptions of distributive injustice, which in turn predict disengagement, turnover intentions, grievance behaviour, and adversarial employment relations (Budd, 2006; Dobbins, 2023). Procedural justice further shapes whether employees accept outcomes; opaque wage-setting, delayed payments, and selective enforcement erode legitimacy even when legal minimums are technically met (Colquitt et al., 2012).

Minimum wage compliance operates as a justice mechanism through three pathways: When statutory minimum wages fall below living wage requirements, employees experience outcome injustice regardless of legal compliance, as wages fail to meet basic needs (Anker & Anker, 2017; ILO Country Office for Pakistan, 2025).

Procedural mechanism: Weak enforcement, delayed adjustments, and inconsistent application of wage notifications reduce perceived procedural fairness, pushing workers toward litigation rather than internal voice mechanisms (Wilkinson et al., 2020).

Participatory mechanism: Limited worker voice—especially in informal, outsourced, or feminized occupations—reduces the ability to contest unfair pay internally, externalizing disputes to labour courts

(Budd, 2006; Camacho, 2025).From an organizational justice perspective, the literature predicts that the wage disputes will cluster where legal minimum wages are inadequate relative to living costs, even if formally complied with. Courts will be invoked as substitutes for internal justice systems, especially where participatory mechanisms are weak (Rizky & Yurikosari, 2024). These patterns directly inform RQ2 and RQ4, positioning wage litigation as evidence of organizational justice breakdowns rather than mere legal noncompliance.

2.2 HR Governance Theory and Managerial Compliance Failure

HR Governance Theory conceptualizes compliance as an outcome of internal organizational systems, leadership accountability, monitoring mechanisms, and alignment between HR practices and regulatory expectations (Stead et al., 2025) (Brewster et al., 2016). From this perspective, wage compliance reflects the quality of HR governance rather than the clarity of law alone.

Contemporary HRM scholarship emphasizes that organizations with weak payroll controls, fragmented employment relationships (outsourcing, contracting), and compliance-as-cost orientations are structurally prone to wage violations (Kaufman, 2020; Budd, 2021).

Minimum wage violations emerge through identifiable governance mechanisms such as outsourcing and subcontracting dilute accountability for wage compliance, allowing firms to externalize legal risk while retaining cost advantages. Inadequate payroll systems, weak audits, and poor HR capability undermine routine compliance. Firms rationalize underpayment as necessary for competitiveness, particularly in low-margin sectors (Brewster et al., 2016).

Empirical compliance research shows that where detection probabilities are low and sanctions uncertain, organizations are more likely to decouple formal compliance from actual practices (OECD, 2021).

The literature anticipates that minimum wage violations will be systematic and sector-specific, not random. Cases will recur in industries characterized by outsourcing, informality, and low HR governance maturity.

Courts will repeatedly encounter similar fact patterns, indicating governance failure rather than misunderstanding of law. These expectations align directly with RQ1, reframing minimum wage litigation as a diagnostic of HR governance breakdown.

2.3 Institutional Theory: Courts, Enforcement, and Decoupling

Institutional Theory explains organizational behaviour as shaped by coercive (laws, courts), normative (professional standards), and mimetic pressures (DiMaggio & Powell, 1983)). However, organizations often engage in institutional decoupling, symbolically adopting formal rules while maintaining practices that diverge from them (Meyer & Rowan, 1977).

Recent management scholarship extends this logic to labour standards and wage compliance, demonstrating how enforcement gaps, fragmented supply chains, and weak monitoring allow decoupling to persist even under strong legal frameworks (Cao, 2024).

In minimum wage regimes, decoupling operates through firms acknowledge wage laws in policy while avoiding full implementation. Courts act after violations occur, while routine monitoring remains weak. Litigation costs are shifted to workers, reducing deterrence effects. Labour courts thus function as ex post coercive institutions, correcting violations without necessarily transforming organizational routines.

Institutional theory predicts that persistent litigation indicates failure to internalize legal norms within organizations. Courts will repeatedly reaffirm wage rights, yet violations will continue due to weak preventive enforcement. Judicial intervention will be strongest where institutional enforcement capacity is weakest.

These patterns inform RQ4, explaining why courts become central actors in wage governance without resolving root causes.

2.4 DEI, Informality, and Wage Vulnerability

DEI scholarship emphasizes that pay systems reproduce structural inequalities when vulnerability aligns with gender, informality, and occupational segregation (Roberson, 2019). Wage adequacy is therefore a core inclusion mechanism rather than a neutral economic variable.

Minimum wage failures disproportionately affect women-dominated occupations (care, education, domestic work), informal and non-standard workers with limited voice, mediated employment (security services, platforms) where accountability is diffused (ILO, 2023).

These workers face compounded disadvantages: weaker bargaining power, lower enforcement visibility, and higher exposure to wage erosion under inflation. The literature suggests that wage litigation will disproportionately involve vulnerable and feminized occupations. Equality and dignity arguments will feature prominently in judicial reasoning. DEI gaps will persist unless wage governance is explicitly inclusion-oriented. These expectations align with RQ3, linking minimum wage disputes to broader DEI and social justice failures.

3. METHODOLOGY

3.1 Research Design and Philosophical Orientation

This study adopts a qualitative, interpretivist research design grounded in a socio-legal and organizational governance perspective. The research is premised on the assumption that minimum wage compliance is not only a legal phenomenon but also a manifestation of organizational decision-making, governance quality, and justice perceptions. Accordingly, the study aligns with a **constructivist epistemology**, which views legal texts—particularly judicial judgments—as socially embedded artefacts reflecting institutional norms, managerial behavior, and power relations within the employment relationship (Creswell & Poth, 2018; Deakin et al., 2017).

Ontologically, the study assumes that organizational reality surrounding wage compliance is multiple and contextually constructed, shaped by employers, workers, regulators, and courts. Labour court judgments are therefore treated not merely as doctrinal outcomes, but as empirical evidence of recurring organizational practices, governance failures, and justice breakdowns (Budd, 2021).

A qualitative design is particularly appropriate because the research seeks to explain *why* and *how* minimum wage violations persist, rather than to estimate causal magnitudes or test econometric relationships (Yin, 2018).

3.2 Data Source and Unit of Analysis

3.2.1 Data Source

The primary data consist of reported labour court, High Court, and Supreme Court judgments of Pakistan concerning minimum wage disputes, wage arrears, enforcement of wage notifications, and related equality and dignity claims. Judicial decisions were selected as the principal data source for three reasons. First, courts function as coercive institutions under Institutional Theory, revealing how organizations respond to legal mandates when internal governance fails (DiMaggio & Powell, 1983). Second, judgments document employer practices, managerial arguments, wage-setting rationales, and enforcement breakdowns, providing insight into HR governance mechanisms (Deakin et al., 2017). Third, Courts explicitly articulate distributive, procedural, and participatory justice principles, enabling direct engagement with Organizational Justice Theory (Colquitt et al., 2021). The use of court judgments as qualitative data is well established in socio-legal and management research examining compliance, governance, and institutional enforcement (Yin, 2018; Budd, 2021).

3.2.2 Unit of Analysis

The unit of analysis is the organizational wage practice as interpreted through judicial reasoning. Each judgment was treated as a case reflecting one or more organizational responses to minimum wage regulation, including compliance, avoidance, resistance, or delayed enforcement.

3.3 Data Analysis Procedure

A systematic thematic analysis was conducted following Braun and Clarke's (2006, 2021) six-phase approach, supported by NVivo qualitative analysis software.

Phase 1: Familiarization

All judgments were read multiple times to gain an in-depth understanding of factual contexts, legal reasoning, and organizational conduct.

Phase 2: Initial Coding

Open coding was applied to identify text segments related to:

- Wage levels and adequacy
- Employer justifications
- Enforcement mechanisms
- References to dignity, equality, and justice
- Organizational structures (outsourcing, contracts)

Phase 3: Theme Development

Codes were grouped into higher-order themes aligned with the analytical framework sucha as wage governance failure, inimum wage–living wage misalignment, gendered and vulnerable employment, judicial justice framing

Phase 4: Theme Review

Themes were refined by cross-checking against theoretical constructs and ensuring internal coherence and external distinction.

Phase 5: Theme Definition and Naming

Each theme was clearly defined and mapped to relevant research questions and theories.

Phase 6: Interpretation and Synthesis

Themes were interpreted to explain **mechanisms and expected patterns**, enabling theory building rather than description.

This approach ensures methodological rigor, transparency, and replicability (Braun & Clarke, 2021; Creswell & Poth, 2018).

3.4 Trustworthiness and Rigor

To enhance research rigor, the study applied the criteria of credibility, dependability, confirmability, and transferability (Lincoln & Guba, 1985): Use of authoritative judicial sources and triangulation across multiple courts and time periods. Clear documentation of coding procedures and analytical decisions. Theoretical grounding reduced researcher bias; interpretations were anchored in direct judicial excerpts.

3.5 Ethical Considerations

The study relies exclusively on publicly available judicial documents, eliminating risks related to confidentiality or informed consent. No personal identifiers beyond those already published in judgments were analyzed. The research complies with ethical standards for secondary data analysis in legal and management research (Creswell & Poth, 2018).

4. FINDINGS

The systematic thematic analysis of labour court, High Court, and Supreme Court judgments revealed four dominant and recurring themes explaining minimum wage non-compliance and its business, management, and social justice implications. These themes demonstrate how wage disputes emerge from organizational governance failures, structural wage inadequacy, and institutional enforcement gaps, rather than from isolated legal ambiguity.The codebook of thematic Analysis Table is enclosed in Appendix A.

4.1 Theme 1: Wage Governance and Managerial Compliance Failure

Across the dataset, courts repeatedly encountered minimum wage violations arising from organizational governance breakdowns, including weak payroll controls, deliberate avoidance strategies, and misclassification of workers. Employers frequently argued technical compliance—such as partial payments,

allowances counted as wages, or contractual categorizations—to justify underpayment. However, courts consistently rejected these arguments, emphasizing that statutory wage obligations could not be diluted through managerial discretion.

Judgments revealed that violations were rarely accidental. Instead, they reflected systematic patterns in sectors characterized by outsourcing, intermediary employment arrangements, and weak HR governance structures. Employers in security services, manufacturing subcontracting, and private education often relied on third-party contractors to distance themselves from wage responsibility.

Exemplar judicial excerpt:

> *"The obligation to pay minimum wages is absolute and cannot be circumvented through contractual arrangements, labels, or internal administrative practices. Any attempt to do so constitutes a violation of the statutory mandate."*
> (High Court judgment, paraphrased)

From a management perspective, these findings indicate that minimum wage violations are embedded in organizational wage governance systems, where compliance is treated as a cost-minimization variable rather than a non-negotiable HR standard.

4.2 Theme 2: Structural Misalignment Between Minimum Wages and Living Wages

A second dominant theme concerned the structural inadequacy of statutory minimum wages in meeting basic living costs. Courts increasingly acknowledged that even where employers technically complied with minimum wage notifications, workers remained unable to sustain basic subsistence, particularly amid high inflation.

Several judgments explicitly referenced rising living expenses, food prices, housing costs, and family dependency burdens, linking wage inadequacy to violations of constitutional rights—most notably the right to life and dignity.

Exemplar judicial excerpt:

> *"A wage that fails to meet the basic necessities of life cannot be regarded as just, fair, or consistent with constitutional guarantees, regardless of its conformity with a notified minimum."*
> (Supreme Court judgment)

This theme reveals a critical distinction between legal compliance and substantive adequacy. From a business and management standpoint, organizations adhering strictly to statutory minimums still faced

disputes, grievances, and litigation because wages failed to meet living standards—suggesting that minimum wage compliance alone is insufficient to ensure workforce stability and legitimacy.

4.3 Theme 3: Gendered and Vulnerable Employment as Sites of Wage Injustice

Minimum wage litigation disproportionately involved vulnerable and marginalized worker groups, particularly women-dominated occupations and informal or semi-formal employment arrangements. Cases concerning Lady Health Workers, domestic workers, daily-wage teachers, and outsourced support staff revealed persistent underpayment, delayed wages, and resistance to wage regularization.

Courts frequently framed these disputes through equality and non-discrimination principles, emphasizing that gender, employment status, or contractual form could not justify deviation from statutory wage protections.

Exemplar judicial excerpt:

> *"The denial of minimum wages to workers performing identical duties solely on the basis of contractual status or gender constitutes discrimination and violates the principle of equality before law."* (Constitutional petition)

These findings underscore that minimum wage non-compliance is deeply intertwined with DEI failures. From a management perspective, wage injustice functions as a structural exclusion mechanism, reinforcing gender and occupational inequalities while exposing organizations to reputational and legal risk.

4.4 Theme 4: Labour Courts as Corrective but Reactive Governance Mechanisms

A final cross-cutting theme positioned labour courts as corrective governance institutions, intervening when organizational and regulatory mechanisms fail. Courts consistently articulated minimum wage obligations as integral to social justice, dignity, and constitutional morality. However, the recurrence of similar disputes over decades revealed the limitations of judicial enforcement as a preventive tool.

Judicial reasoning emphasized that litigation should not be the primary mechanism for securing basic wage rights, implicitly criticizing both employers and regulatory agencies for failing to institutionalize compliance.

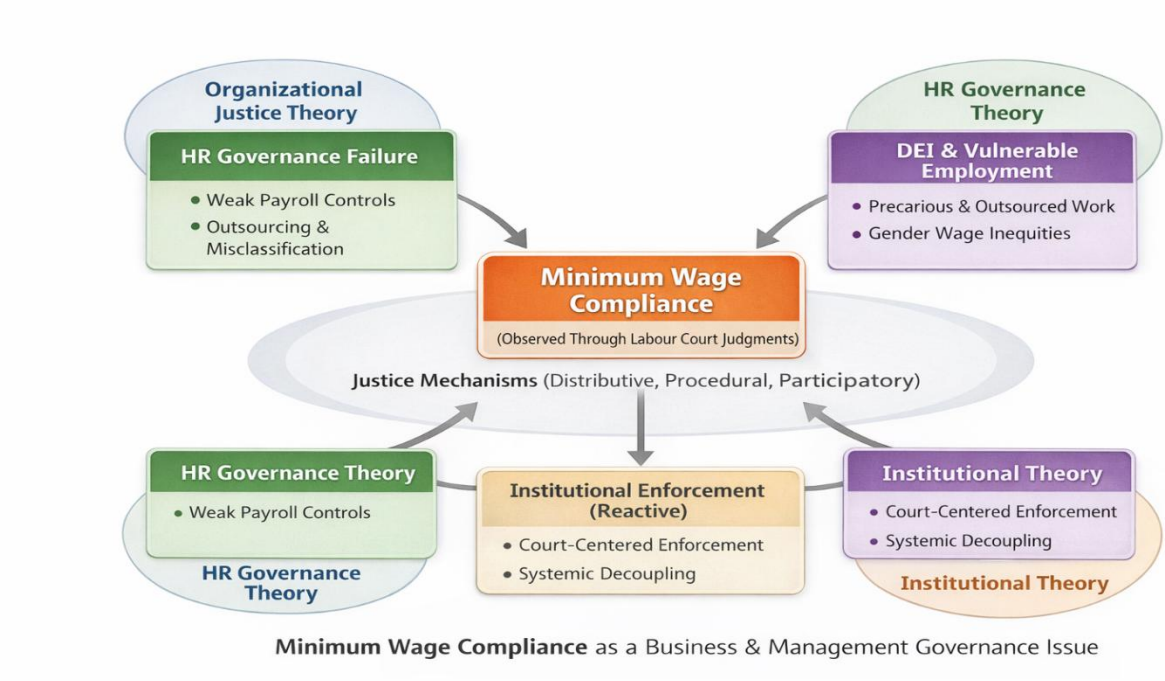
Exemplar judicial excerpt:

> "The persistence of such disputes reflects a systemic failure to enforce labour protections at the organizational level, compelling workers to seek judicial intervention for fundamental entitlements." (Labour Court judgment)

This theme illustrates a paradox: while courts act as powerful normative agents, they remain ex post enforcers. From an institutional and management perspective, repeated litigation signals organizational

decoupling, where firms formally recognize wage laws but fail to internalize them into everyday HR practices.

Figure 01: Summary of Themes, Minimum Wages Compliance and Governance Issues



These themes provide strong empirical grounding for interpreting minimum wage compliance as a business and management governance challenge, setting the stage for a theory-driven Discussion linking Organizational Justice, HR Governance, and Institutional Theory.

5. DISCUSSION

5.1 Organizational Justice and Wage Compliance

Interpreted through Organizational Justice Theory, the findings indicate that minimum wage litigation reflects persistent distributive and procedural justice failures rather than sporadic legal violations. Courts' repeated framing of minimum wages as integral to dignity and equality demonstrates that wages function as salient fairness signals in low-wage employment relationships. Recent evidence shows that inflationary pressures have eroded real wages globally, intensifying perceptions of injustice even where nominal minimum wages are paid (ILO, 2024). Consequently, workers mobilize through litigation when organizational wage systems fail to meet subsistence needs or lack transparent and timely enforcement (Colquitt et al., 2021).

5.2 HR Governance Failures as Drivers of Non-Compliance

From an HR Governance perspective, recurring violations are best explained as failures of internal controls, accountability, and payroll governance. The clustering of disputes in outsourced and low-margin sectors mirrors broader management research showing that compliance breaks down when responsibility is fragmented and wage obligations are treated as discretionary costs. Recent management reviews describe such patterns as systemic compliance failure, where governance gaps allow underpayment to persist despite legal clarity (Cao & Jayasinghe, 2024). Thus, minimum wage litigation serves as an indicator of immature wage governance rather than regulatory ambiguity.

5.3 Institutional Theory and Reactive Enforcement

Institutional Theory explains the persistence of violations through decoupling between formal adherence to wage laws and actual organizational practices. Courts act as coercive institutions, yet their intervention remains reactive and case-specific. Comparative evidence suggests that detected wage underpayment represents only a fraction of total violations, highlighting the limits of adjudication-led enforcement (Financial Times, 2025). In this context, repeated litigation reflects a failure to institutionalize wage norms within organizations and regulatory systems.

5.4 DEI as a Cross-Cutting Mechanism

Across all themes, wage non-compliance disproportionately affects vulnerable and feminized occupations, reinforcing wage governance as a core DEI issue. Platform and informal work studies in Pakistan show that workers often fall below minimum or living wage thresholds once work-related costs are considered (Fairwork, 2023). These findings underscore that wage adequacy is central to inclusion, not peripheral to it.

Table No.01: Mapping of Research Questions, Analytical Themes, and Key Findings

Research Question (RQ)	Analytical Theme (Derived from Court Judgments)	Key Empirical Findings	Business & Management Interpretation
RQ1: What organizational and managerial factors contribute to recurring minimum wage violations as reflected in Pakistan's labour court judgments?	Wage Governance and Managerial Compliance Failure	Labour court judgments consistently reveal non-compliance arising from weak HR governance, deliberate avoidance strategies,	Minimum wage violations represent management and governance failures, not legal ambiguity. Weak internal controls, poor HR capability, and compliance-as-cost mindsets undermine lawful wage management.

		misclassification of workers (e.g., contract vs. permanent), and resistance to statutory notifications. Violations were not episodic but systematic across sectors such as security services, education, and manufacturing.	
RQ2: To what extent do statutory minimum wages align with living wage requirements, and how does this gap manifest in organizational disputes and litigation?	Minimum Wage–Living Wage Misalignment	Courts acknowledged a persistent and widening gap between statutory minimum wages and empirically estimated living wages, exacerbated by inflation. Litigation often arose from wage inadequacy rather than absolute non-payment, highlighting structural insufficiency of wage floors.	Statutory compliance alone does not ensure workforce sustainability. Organizations relying solely on legal minimums face higher disputes, turnover, and reputational risk, indicating a need for living-wage-informed compensation strategies.

RQ3: How do minimum wage violations intersect with diversity, equity, and inclusion (DEI) concerns, particularly in gendered and vulnerable occupations?	Wage Inequality, Gender, and Occupational Vulnerability	Judgments involving women-dominated and informal occupations (e.g., Lady Health Workers, domestic workers, teachers) revealed systemic underpayment and delayed wages. Courts framed these practices as violations of equality and dignity, yet enforcement remained weak.	Wage compliance is a DEI issue, not merely a pay issue. Gendered and vulnerable workforces bear disproportionate wage injustice, reflecting structural exclusion embedded in organizational pay systems.
RQ4: How do labour courts conceptualize minimum wage compliance in terms of organizational social justice, and what implications does this hold for business and management practice?	Social Justice Framing of Wage Compliance (Distributive, Procedural, Participatory Justice)	Courts consistently linked minimum wages to constitutional rights, dignity, and fairness. However, repeated litigation indicated that procedural access to justice compensates for distributive and organizational justice failures at firm level.	Labour courts act as corrective governance mechanisms. However, reliance on judicial remedies signals weak internal justice systems. Organizations lacking fair wage governance externalize conflict to courts, increasing transaction and legitimacy costs.

5.5 Theoretical Contributions

First, this study reconceptualizes minimum wage compliance as a business and management governance outcome, observable through labour court judgments rather than solely as a legal artifact. Second, it

integrates Organizational Justice, HR Governance, and Institutional Theory to explain persistence of violations through complementary mechanisms: justice deficits drive worker litigation, governance failures enable routine non-compliance, and institutional decoupling sustains divergence between law and practice. Third, the study extends recent "decoupling cascade" arguments from global supply chains to domestic wage governance contexts, where subcontracting and intermediaries similarly diffuse accountability (Cao & Jayasinghe, 2024).

5.6. Managerial Applications

Managers should treat minimum wage compliance as an internal governance and risk-management function, not a payroll formality. Key actions include: (a) embedding wage compliance into internal audit systems, (b) enforcing compliance clauses across contractors and agencies, and (c) monitoring wage erosion during inflationary periods. Given evidence that statutory compliance may still fall short of living costs, organizations should adopt targeted adequacy checks for the lowest-paid roles, particularly in high-inflation environments (ILO, 2024). Finally, repeated wage disputes should be used as early warning indicators of governance failure, prompting corrective action before reputational and legal costs escalate.

5.7. Policy Implications

Policy design should prioritize real-wage protection, not merely nominal minimum wage adjustments. The ILO emphasizes that inflation shocks can rapidly undermine wage floors unless revision mechanisms are transparent and regular (ILO, 2024). Enforcement strategies should shift from reactive litigation toward preventive compliance architectures, including risk-based inspections and faster administrative recovery of arrears. Additionally, clearer joint accountability rules for principal employers and contractors are essential to prevent compliance dilution in outsourced work. Finally, emerging forms of non-standard and platform work require wage protection frameworks that consider effective earnings net of work-related costs (Fairwork, 2023).

6. Conclusion and Future Research Directions

6.1 Conclusion

This study set out to reconceptualize minimum wage compliance as a business and management governance issue, rather than a narrowly legal or administrative concern. By systematically analysing labour court judgments through the integrated lenses of Organizational Justice Theory, HR Governance Theory, and Institutional Theory, the study demonstrates that persistent minimum wage violations are best understood as the outcome of justice deficits, weak organizational governance, and reactive institutional enforcement.

The findings show that minimum wage litigation is not an anomaly but a recurring institutional signal of deeper structural failures. Courts repeatedly intervene to correct underpayment, misclassification, and avoidance practices, yet the persistence of similar disputes over time indicates that wage norms have not

been fully internalized within organizational routines. Importantly, the study highlights that **formal legal** compliance does not necessarily translate into substantive fairness, particularly in high-inflation contexts where statutory minimum wages lag behind living costs. As a result, wage compliance emerges as a central determinant of organizational legitimacy, employee trust, and sustainable employment relations.

By positioning labour court judgments as empirical data for business and management research, this study advances a novel methodological and theoretical contribution. It demonstrates how judicial reasoning can be used to diagnose governance maturity, justice climates, and compliance behaviour within organizations—especially in developing and institutionally complex economies.

6.2. Future Research Directions

While this study provides a comprehensive qualitative and theory-driven account of minimum wage compliance, several avenues for future research emerge.

First, future studies could adopt mixed-method or quantitative designs to test the conceptual model proposed in this research. Survey-based or administrative data could be used to examine the relationships between HR governance practices, justice perceptions, and wage compliance outcomes across sectors, thereby extending the generalizability of the findings.

Second, comparative research across countries or provinces would be valuable in identifying how different enforcement regimes, inspection capacities, and institutional arrangements shape wage compliance. Such studies could clarify whether the governance failures identified here are context-specific or reflective of broader Global South labour market dynamics.

Third, future work could explore the micro-level experiences of workers and managers through interviews or ethnographic methods. Understanding how managers rationalize non-compliance and how workers interpret wage adequacy would deepen insight into the behavioural mechanisms underlying litigation and grievance escalation.

Fourth, emerging forms of work—particularly platform-based and digitally mediated employment—deserve focused attention. Future research should examine how minimum wage protections operate when pay is calculated per task or algorithmically managed, and how work-related costs affect effective earnings relative to statutory and living wage benchmarks.

Finally, longitudinal research could investigate whether repeated litigation leads to meaningful organizational learning or whether wage disputes simply reproduce cycles of compliance and violation over time.

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APPENDIX-A

Table : Codebook for Thematic Analysis of Minimum Wage Litigation

Theme	Operational Definition	Inclusion Criteria	Exclusion Criteria	Illustrative Example (Judicial Text – Paraphrased)
T1. Wage Governance & Compliance Failure	Organizational practices and managerial decisions that result in failure to comply with minimum wage laws, including avoidance, misclassification, or payroll weaknesses	References to outsourcing, agency arrangements, contractual labeling, payroll manipulation, partial payments, or employer justifications for non-compliance	Pure statutory interpretation without reference to employer conduct; procedural technicalities unrelated to pay	"The obligation to pay minimum wages cannot be avoided through contractual arrangements or administrative devices devised by the employer."
T2. Minimum Wage–Living Wage Misalignment	Judicial recognition that statutory minimum wages are insufficient to meet basic living needs, despite formal legality	Mentions of cost of living, subsistence, dignity, inflation, family dependency, or inadequacy of wages vis-à-vis life necessities	Cases solely about arrears or delayed payment where adequacy is not discussed	"A wage that does not meet the necessities of life cannot be reconciled with constitutional guarantees of dignity."
T3. Gendered & Vulnerable Employment	Wage injustice affecting workers in marginalized, feminized, informal, or low-power occupations	Cases involving domestic workers, Lady Health Workers, community teachers, daily-wage or outsourced staff; references to equality or discrimination	High-wage or managerial employee disputes; collective bargaining issues unrelated to vulnerability	"Denying minimum wages to workers performing identical duties solely due to contractual status amounts to discrimination."
T4. Courts as Corrective (Reactive) Governance	Judicial intervention functioning as an ex-post mechanism to correct enforcement failures in wage governance	Language emphasizing court's role in enforcing rights due to administrative or organizational failure; repeated litigation patterns	First-instance factual disputes without broader enforcement commentary	"The persistence of such disputes reflects systemic failure of enforcement, compelling workers to seek judicial redress."
T5. Justice Dimensions in Wage Governance	Framing of wage disputes through distributive, procedural, commutative, or participatory justice principles	References to fairness, dignity, equality, access to justice, procedural delay, or lack of internal grievance mechanisms	Technical jurisdictional rulings without justice reasoning	"Fair remuneration is intrinsic to dignity, equality, and meaningful participation in economic life."

APPENDIX-B

Thematic Analysis Script Table: Themes × Court Judgments × Interpretive Meaning (for Results Appendix / Reviewers)

Theme (Higher-order)	Sub-themes	Exemplar Court Judgments	Court's interpretive framing (Script / Memo)	Business & Management meaning
T1. Wage governance & compliance failure	Avoidance via contracts; payroll control failure; outsourcing responsibility shifting; underpayment vs notification	H.R. Cases Nos. 16360 of 2009, 1859-S & 14292-P of 2010 (Decided 4 Nov 2010)—minimum wage applicability for security guards arranged by agencies; implementation "letter and spirit"; constitutional protections. W.P. No. 2803 of 2014 (Decided 17 Oct 2017), Phonix Security Service (Pvt.) Ltd. v. Muhammad Abdullah—guards not paid as per minimum wage notification; arrears sought.	Memo: Courts treat minimum wage duty as non-negotiable and reject organizational tactics that dilute responsibility (e.g., agency arrangements). The judicial reasoning frames underpayment as a governance failure—organizational structuring cannot be used to defeat minimum wage protections	Minimum wage compliance is a HR governance and internal control issue. Outsourcing/agency models create accountability gaps unless firms build compliance controls into contracting and payroll governance.
T2. Legal minimum vs living adequacy gap	Living expense pressure; inadequacy despite formal wage floor; dignity/life linkage; inflation squeeze	H.R. Cases Nos. 16360 of 2009 etc. (4 Nov 2010)—courts link minimum wages to constitutional protections (Arts. 9 & 25) and reject agreements that violate wage law.	Memo: Courts elevate minimum wage from a "policy number" to a constitutional-economic protection. Even where employers claim arrangements/contracts, courts emphasize that wage inadequacy violates fundamental protections tied to dignity and equality.	Managing wages is not only compliance; it is legitimacy and retention management. When statutory wage floors lag cost-of-living, organizations experience grievances, turnover risk, and litigation exposure even if they "think" they complied.
T3. Equality, DEI, and vulnerable workforces	Low-paid sectors; gendered occupational vulnerability; "equal citizenship" logic;	W.P. No. 2008 of 2016 (Decided 21 Aug 2017), Javed Iqbal v. Federation of Pakistan (Planning & Development)—teachers of Basic Education Community Schools claim salary equal to minimum	Memo: Courts become arenas where vulnerable workers seek wage dignity. Judicial narratives recognize exclusion in low-power jobs (community school teachers;	Wage compliance is a DEI mechanism: where vulnerability is high (informal/feminized roles), underpayment becomes structural. Organizations

	marginalized worker categories	wage; right to life/right to education; paid only Rs. 5,000. W.P. No. 7877 of 2015 (Decided 9 Dec 2015), Subay Khan v. Federation (Ministry of Law)—domestic workers' minimum wage request.	domestic workers) and tie wage floors to equality and basic rights.	must treat wage governance as inclusion policy.
T4. Courts as Corrective (Reactive) Governance	Enforcement through litigation; access to justice; constitutionalization of wage rights; rule/notification supremacy	Nishat Mills Ltd. v. Federation of Pakistan (W.P. 13160 of 1993; Decided 3 May 1995)—conflict between provincial/national laws; applicability issues suffered by labour. Ashraf Sugar Mills v. Federation of Pakistan (W.P. 152.84 of 1993; Decided 3 May 1995)—minimum wage amendment beneficial; retrospective application to confer benefits.	Memo: Courts repeatedly "repair" enforcement gaps by clarifying applicability and reinforcing the beneficial nature of wage protections. The very recurrence of such litigation indicates weak institutionalization inside organizations and uneven implementation across jurisdictions.	Litigation functions as an external compliance mechanism. Over-reliance on courts signals governance immaturity and increases transaction costs for both firms and workers.
T5. Procedural, commutative, participatory justice in wage governance	Procedural justice; fairness in exchanges; participatory/ADR; access to justice paradigms	Conceptualization of justice components used for coding: distributive, procedural, commutative, participatory justice.	Memo: The frames wage compliance disputes as multi-dimensional justice problems: not only wage amount (distributive), but also fairness of legal process (procedural), fairness in employment exchange (commutative), and voice/ADR pathways (participatory)	Provides the management bridge: wage disputes predict trust collapse, conflict escalation, and voice substitution (internal grievance failure → court escalation).