

# Wage vs salary



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Introduction: Wage and salary are the two important elements for designing compensation package for any organization. Often, we mistake considering the wage and salary as synonymous. But there are some substantial differences between them. In order to get higher productivity, it is much more important to know the different between wage and salary. Before comparison, try to penetrate the insights of them.

Wage: Wages are generally paid per hour. This means that you have to be present and working in order to get paid. Most of the time, wage jobs are not as inclusive when it comes to things like paid vacations, or paid sick days. Wage earners often have to give up pay for leaving early, coming in late, missing a day, or taking a vacation. Historically, we often refer to manual labor jobs as wage jobs, and positions. Wage earners are more likely to be found in positions with high turnover, while salaries are often assigned for positions with low turnover. Wages are more likely to be added up into additional payments.

If you work 50 hours in one week, you may receive your first 40 hours at the regular pay rate, and the additional 10 hours at 1 ½ times your normal pay rate. Depending on the structure and traditions of different economies around the world, wage rates are either the product of market forces (supply and demand), as is common in the United States, or wage rates may be influenced by other factors such as tradition, social structure and seniority, as in Japan. Salary:

A salary is an amount paid for a particular job, regardless of hours worked, in a package payment system. Salary refers to how much you get paid every

year. Salary earners rarely have to punch a time clock, or keep an accurate account of their hours, because they get paid for performance rather than by the hour. Salaried workers are much more likely to have paid sick days and paid vacations, and are not docked pay for being late or leaving early from time to time.

Salary can also be counted in terms other than money. Some companies consider reimbursement for things like medical insurance as part of your salary. You can even find some companies blending education and retirement contributions as part of your salary package. Professional jobs are salaried jobs and it has low turnover compare to wage jobs. It might include a base salary, pension, fringe benefit, bonuses, stock options and so on.