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Chapter 1 : Difference Between Salary and Wages (with Comparison Chart) - Key Differences

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When you are operating a business it is essential to keep track of salaries, wages and all of your other expenses. There are a variety of financial statements to track these details. One such statement is the balance sheet. The process for including these details on the balance sheet is straightforward, but it is important to be precise; you must make sure that these items are placed in the proper section of the balance sheet. Balance Sheet A balance sheet gives the reader a financial snapshot of the business at a given point in time. It includes two columns. The sheet is said to be "balanced" because the left and right columns will always be equal. Salaries, wages and other expenses all can be categorized into the assets and liabilities sections. Salaries and Wages On the balance sheet, salaries and wages that have yet to be paid are considered a liability. That is because it is money owed to a party outside of the company. Even though employees work for the company, they are considered external parties. Salaries and wages owed can be listed in the liabilities section of the balance sheet, either as part of accounts payable or separately as wages payable. Salaries that have already been paid are not included on the balance sheet. Expenses as an Asset Prepaid expenses are categorized as an asset. A prepaid expense is one you have paid, but that you have not yet received your goods or services for yet. For example, if you pay your insurance for the whole year at the beginning of the year, the insurance cost for the remainder of the year is a prepaid expense. Prepaid expenses are listed on their own line under the assets section of the balance sheet. Expenses as a Liability Any expenses that has not yet been paid is considered a liability. This includes accounts payable, notes payable, long-term debt and any other money owed to people outside of the company. These are listed under their own section under the liabilities section on the balance sheet. References 2 "Financial Accounting: Concepts and Applications"; W. Steve Albrecht et al; About the Author M. Scilly is a writer and editor who writes for various online publications, specializing in business and management. He has a fondness for travel and photography. In his free time he enjoys marathon training.

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Chapter 2 : Wage - Wikipedia

The Department of Defense (DOD) is the lead agency responsible for conducting Federal Wage System (FWS) wage surveys and issuing wage schedules. DOD's Civilian Personnel Advisory Service maintains a website with all FWS wage schedules.

Wages and salaries in the United States U. The highest earning profession in the United States is anesthesiology. The median annual pay for anesthesiologists was , U. For those without the educational background or skills to access such jobs, increases in wage levels are often all the more important. However, wages and salaries do not live in economic isolation. Their relationship with inflation dictates whether or not increases in wages and salaries do in fact amount to increases in consumption power. As such, real wages, wages adjusted for inflation, are a more telling measure. Although not extraordinary, average real wages in the United States from to show that real incomes have increased slowly since the turn of the century. The United States is a complex economy in regards to diverse geographies, education levels, socio-economic backgrounds and individual skills. This diversity is reflected in the diversity of compensation received by different people around the country. Perhaps as a reflection of experience, Among American males, those aged between 55 and 64 have the highest weekly income of any age group. Although younger generations such as millennials have expressed concerns about their position in the economic system, income differences between generations appears to be reasonably uncontentious in political terms. Of a much greater concern for many members of the general public is the degree of inequality among both genders and ethnic groups in regards to full-time wages and salaries. In , the highest earning cohort was Asian men who on average earned 1, U. In contrast, Asian women earned dollars per week. Equally as problematic are the apparent wage and salary inequalities between ethnicities, reflecting structural socio-economics issues or at the extreme racism in American society. The average Hispanic woman earned a mere dollars per week. This text provides general information. Statista assumes no liability for the information given being complete or correct. Due to varying update cycles, statistics can display more up-to-date data than referenced in the text.

Chapter 3 : United States Wages and Salaries Growth | | Data | Chart

BLS wage data by area and occupation are from the National Compensation Survey, Occupational Employment Statistics Survey, or the Current Population Survey. Other BLS programs that publish wage data (though not by detailed occupation) are Employment Cost Trends, Current Employment Statistics, and Quarterly Census of Employment and Wages.

Wage theory Theories of wage determination and speculations on what share the labour force contributes to the gross domestic product have varied from time to time, changing as the economic environment itself has changed. Contemporary wage theory could not have developed until the feudal system had been replaced by the modern economy with its modern institutions such as corporations. Classical theories The Scottish economist and philosopher Adam Smith , in The Wealth of Nations , failed to propose a definitive theory of wages, but he anticipated several theories that were developed by others. Smith thought that wages were determined in the marketplace through the law of supply and demand. Workers and employers would naturally follow their own self-interest; labour would be attracted to the jobs where labour was needed most, and the resulting employment conditions would ultimately benefit the whole of society. Although Smith discussed many elements central to employment, he gave no precise analysis of the supply of and demand for labour, nor did he weave them into a consistent theoretical pattern. He did, however, prefigure important developments in modern theory by arguing that the quality of worker skill was the central determinant of economic progress. Moreover, he noted that workers would need to be compensated by increased wages if they were to bear the cost of acquiring new skillsâ€”an assumption that still applies in contemporary human-capital theory. Smith also believed that in the case of an advancing nation, the wage level would have to be higher than the subsistence level in order to spur population growth, because more people would be needed to fill the extra jobs created by the expanding economy. Subsistence theory Subsistence theories emphasize the supply aspects of the labour market while neglecting the demand aspects. They hold that change in the supply of workers is the basic force that drives real wages to the minimum required for subsistence that is, for basic needs such as food and shelter. Elements of a subsistence theory appear in The Wealth of Nations , where Smith wrote that the wages paid to workers had to be enough to allow them to live and to support their families. The English classical economists who succeeded Smith, such as David Ricardo and Thomas Malthus , held a more pessimistic outlook. Courtesy of The National Portrait Gallery, London Subsistence theorists argued that the market price of labour would not vary from the natural price for long: At the time that these economists wrote, most workers were actually living near the subsistence level, and population appeared to be trying to outrun the means of subsistence. Thus, the subsistence theory seemed to fit the facts. Although Ricardo said that the natural price of labour was not fixed it could change if population levels moderated in relation to the food supply and other items necessary to maintain labour , later writers were more pessimistic about the prospects for wage earners. Ricardo maintained that an increase in capital would result in an increase in the demand for labour. Smith defined this theoretical fund as the surplus or disposable income that could be used by the wealthy to employ others. Ricardo thought of it in terms of the capitalâ€”such as food, clothing, tools, raw materials, or machineryâ€—needed for conditions of employment. The size of the fund could fluctuate over periods of time, but at any given moment the amount was fixed, and the average wage could be determined simply by dividing the value of this fund by the number of workers. Regardless of the makeup of the fund, the obvious conclusion was that when the fund was large in relation to the number of workers, wages would be high. When it was relatively small, wages would be low. If population increased too rapidly in relation to food and other necessities as outlined by Malthus , wages would be driven to the subsistence level. Therefore, went the speculation, labourers would be at an advantage if they contributed to the accumulation of capital to enlarge the fund; if they made exorbitant demands on employers or formed labour organizations that diminished capital, they would be reducing the size of the fund, thereby forcing wages down. It followed that legislation designed to raise wages would not be successful, for, with only a fixed fund to draw upon, higher wages for some workers could be won only at the expense of other workers. After the wages-fund theory was discredited by W. Longe, and Francis A. Walker , all of whom argued that the demand for labour was not determined by a fund but by the consumer demand for products. Indeed, the total amount paid in wages depended upon a number of factors, including the bargaining power of labourers. Despite these telling criticisms , however, the wages-fund theory remained influential until the end of the 19th century. Marx blamed unemployment on capitalists. Furthermore, Marx held that, in capitalism, labour was merely a commodity: Marx speculated, however, that the owner of capital could force the worker to spend more time on the job than was necessary for earning this subsistence income, and the excess productâ€”or surplus valueâ€”thus created would be claimed by the owner. Residual-claimant theory The residual-claimant theory holds that, after all other factors of production have received compensation for their contribution to the process, the amount of capital left over will go to the remaining factor. Smith implied such a theory for wages, since he said that rent would be deducted first and profits next. In Walker worked out a residual theory of wages in which the shares of the landlord, capital owner, and entrepreneur were determined independently and subtracted, thus leaving the remainder for labour in the form of wages. It should be noted, however, that any of the factors of production may be selected as the residual claimantâ€”assuming that independent determinations may be made for the shares of the other factors. It is doubtful, therefore, that such a theory has much value as an explanation of wage phenomena. Bargaining theory The bargaining theory of wages holds that wages, hours, and working conditions are determined by the relative bargaining strength of the parties to the agreement. Smith hinted at such a theory when he noted that employers had greater bargaining strength than employees. Employers were in a better position to unify their opposition to employee demands, and employers were also able to withstand the loss of income for a longer period than could the employees. This idea was developed to a considerable extent by John Davidson, who proposed in The Bargain Theory of Wages that the determination of wages is an extremely complicated process involving numerous influences that interact to establish the relative bargaining strength of the parties. This theory argues that no one factor or single combination of factors determines wages and that no one rate of pay necessarily prevails. Instead, there is a range of rates, any of which may exist simultaneously. The upper limit of the range represents the rate beyond which the employer refuses to hire certain workers. The lower limit of the range defines the rate below which the workers will not offer their services to the employer. Neither the upper nor the lower limit is fixed, and either may move upward or downward. The rate or rates within the range are determined by relative bargaining power. The bargaining theory is very attractive to labour organizations, for, contrary to the subsistence and wages-fund theories, it provides a very cogent reason for the existence of unions: It should be observed, however, that historically labourers were capable of improving their situations without the help of labour organizations. This indicates that factors other than the relative bargaining strength of the parties must have been at work. Although the bargaining theory can explain wage rates in short-run situations such as the existence of certain wage differentials , over the long run it has failed to explain the changes that are observed in the average levels of wages. Marginal-productivity theory and its critics Toward the end of the 19th century, marginal-productivity analysis was applied not only to labour but to other factors of production as well. Economists in the Austrian school made important contributions to the marginal idea after , and, building on these grounds, a number of economists in the sâ€”including Philip Henry Wicksteed in England and John Bates Clark in the United Statesâ€”developed the idea into the marginal-productivity theory of distribution. It is likely that the disturbing conclusions drawn by Marx from classical economic theory inspired this development. In the early s refinements to the marginal-productivity analysis, particularly in the area of monopolistic competition , were made by Joan Robinson in England and Edward H. Chamberlin in the United States. As applied to wages, the marginal-productivity theory holds that employers will tend to hire workers of a particular type until the contribution that the last marginal worker makes to the total value of the product is equal to the extra cost incurred by the hiring of one more worker. The wage rate is established in the market through the demand for, and supply of, the type of labour needed for the job. Competitive market forces assure the workers that they will receive a wage equal to the marginal product. Under the law of diminishing marginal productivity , the contribution of each additional worker is less than that of his predecessor, but workers of a particular type are assumed to be alikeâ€”in other words, all employees are deemed interchangeableâ€"and any one could be considered the marginal worker. Because of this, all workers receive the same wage, and, therefore, by hiring to the margin, the employer maximizes his profits. As long as each additional worker contributes more to total value than he costs in wages, it pays the employer to continue hiring. Beyond the margin, additional workers would cost more than their contribution and would subtract from attainable profits. Although the marginal-productivity theory was once the prevailing theory of wages, it has since been attacked by many and discarded by some. The chief criticism of the theory is that it rests on unrealistic assumptions, such as the existence of homogeneous groups of workers whose knowledge of the labour market is so complete that they will always move to the best job opportunities. Workers are not, in fact, homogeneous, nor are they interchangeable. Usually they have little knowledge of the labour market, and, because of domestic ties, seniority, and other considerations, they do not often move quickly from one job to another. The assumption that employers are able to measure productivity accurately and compete freely in the labour market is also far-fetched. Even the assumption that all employers attempt to maximize profits may be doubted. The profit motive does not affect charitable institutions or government agencies. And finally, for the theory to operate properly, these ideal conditions must be met: Obviously, none of these assumptions fits the real world. Monopolistic or near-monopolistic conditions, for example, are common in modern economies, particularly where there are only a few large producers such as in the automotive industry. In many cases wages are determined at the bargaining table, where producers negotiate with representatives of organized labour. Under such circumstances, the marginal-productivity analysis cannot determine wages precisely; it can show only the positions that the union as a monopolist of labour supply and the employer as a monopsonistic , or single, purchaser of labour services will strive to reach, depending upon their current policies. Some critics feel that the unrealistic nature of its assumptions makes marginal-productivity theory completely untenable. At best, the theory seems useful only as a contribution to understanding long-term trends in wages. Purchasing-power theory The purchasing-power theory of wages concerns the relation between wages and employment and the business cycle. It is not a theory of wage determination but rather a theory of the influence spending has through consumption and investment on economic activity. The theory gained prominence during the Great Depression of the s, when it became apparent that lowering wages might not increase employment as previously had been assumed. Keynes related changes in employment to changes in consumption and investment , and he pointed out that economic equilibrium could exist with less than full employment. Courtesy of the National Portrait Gallery, London The theory is based on the assumption that changes in wages will have a significant effect on consumption because wages make up such a large percentage of the national income. It is therefore assumed that a decline in wages will reduce consumption and that this in turn will reduce demand for goods and services, causing the demand for labour to fall. The actual outcomes would depend upon several considerations, particularly those that involve prices or other cost-of-living considerations. Then again, entrepreneurs may look upon the lower wage costs as they relate to prices as an encouraging sign toward greater profits, in which case they may increase their investments and employ more people at the lower rates, thus maintaining or even increasing total spending and employment. If employers look upon the falling wages and prices as an indication of further declines, however, they may contract their investments or do no more than maintain them. In this case, total spending and employment will decline. If investment is at least maintained, total spending in terms of constant dollars will increase, thus improving employment. If entrepreneurs look upon the shrinking profit margin as a danger signal, however, they may reduce their investments, and, if the result is a reduction in total spending, employment will fall. If wages and prices fall the same amount, there should be no change in consumption and investment, and, in that case, employment will remain unchanged. It should be noted that the purchasing-power theory involves psychological and other subjective considerations as well as those that may be measured more objectively. Whether it can be used effectively to predict or control the business cycle depends upon political as well as economic factors, because government expenditures are a part of total spending, taxes may affect private spending, etc. The applicability of the theory is to the whole economy rather than to the individual firm. Human-capital theory A particular application of marginalist analysis a refinement of marginal-productivity theory became known as human-capital theory. It has since become a dominant means of understanding how wages are determined. The idea that workers embody information and skills that contribute to the production process goes back at least to Adam Smith. It builds on the recognition that families make a major contribution to the acquisition of skills.

Chapter 4 : PayScale - Salary Comparison, Salary Survey, Search Wages

On a yearly basis, wages and salaries jumped percent, the biggest increase in 10 years. Wage increases have been the missing link in the economy since the recovery began in mid

Salary is generally a fixed amount of package calculated on an annual basis. When divided by a number of months the amount to be disbursed monthly is ascertained. The same is given to the employee on the basis of his productivity. An employee is supposed to work for certain fixed hours daily but if Sometimes the work is not finished in time the employee has to devote his extra time without any additional pay. An employee is entitled to leaves, perks, and benefits, i. Definition of Wages Wage is termed as a compensation that is given on the basis of the amount of work done and the hours spent in doing that. Wages are variable and do vary with day to day functioning of an individual. Wages are given to labours who are engaged in manufacturing processes and get the compensation on a daily basis. Labour is paid on the basis of hours and in order to increase the pay, extra hours have to be devoted to fetch more. An individual is paid for his presence, not for his absence i. Key Differences Between Salary and Wages Following are the major differences between salary and wages: Salary is the fixed amount of compensation which is paid for the performance of an employee. Wage is the variable amount of compensation which is paid on the basis of hours spent in finishing a certain amount of work. Salary is given to the skilled persons who apply their proficiencies in respective fields and generate the revenues for the firm. Whereas wages are paid to the semi-skilled or unskilled worker such as carpenter, welder, electrician, etc. In the case of salary, the cost incurred is fixed i. Whereas in wages, the cost is variable, because it can vary with the day to day performance of an individual. Salary once decided, in the beginning, remains fixed throughout. Whereas in wage system, there is a wage rate that keeps on changing and an individual is paid on the basis of prevailing wage rate. Salary is generally paid at fixed intervals i. Whereas wages are paid on a daily basis for the number of hours spent. Salary is paid on the basis of the performance of an individual. Whereas wages are paid on hourly basis i. Salary is paid to employees who possess the skills and efficiencies in completing the office work. Whereas wages are paid to the labours, who are engaged in manufacturing processes and do the work on an hourly basis. Salary is given to those who are engaged in administrative or office work job. Whereas wages are paid to those, who are engaged in manufacturing processes that require unskilled or semi-skilled workers. A salaried person usually has KRA i. Whereas the waged person does not have any KRA and is judged on the basis of hourly work done. Salaried persons are not paid additional compensation for any extra hours. Whereas wage holder does get an additional pay for the extra hours devoted by him. Conclusion It can be easily concluded from the above comparison that salary is a fixed amount of money paid at a regular intervals to an individual for the work done by him in given period of time whereas wage is a variable pay given to an individual for the number of hours spent by him in completing a certain amount of work.

Chapter 5 : Salaries, Wages and Expenses on a Balance Sheet | blog.quintoapp.com

The Service Contract Act, which requires payment of prevailing wage rates and fringe benefits on contracts to provide services to the federal government The Contract Work Hours and Safety Standards Act, which sets overtime standards for most federal service contracts, federally funded construction contracts, and federal supply contracts over.

Chapter 6 : OES Employment and Wages

National Salary Rates for Jobs - What is the average salary in the United States? Find national salary comparisons, list of average salaries by profession.

Chapter 7 : Paying Wages and Salaries | blog.quintoapp.com

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Salary is best associated with employee compensation quoted on an annual basis. For example, the manager of the assembly plan might earn a salary of $, per year. If the salaried manager is paid semi-monthly (perhaps on the 15th and last day of each month), her or his paycheck will show gross salary of $5, for the half-month.

Chapter 8 : Salary payments - Minimum wages - Fair Work Ombudsman

Know your worth. Get paid fairly. Get a free personalized salary estimate based on your work history and today's job market. Use Know Your Worthâ„¢ to compare your pay to people like you and find out if you're getting paid fairly.

Chapter 9 : Payscale Salaries, Average Salary & Jobs Pay

However, wages and salaries do not live in economic isolation. Their relationship with inflation dictates whether or not increases in wages and salaries do in fact amount to increases in.