

**SOS POLITICAL SCIENCE AND PUBLIC
ADMINISTRATION,
JIWAJI UNIVERSITY, GWALIOR**

MBA HRD II SEM

PAPER - HRD 202

**SUBJECT NAME: WAGES & SALARY
ADMINISTRATION**

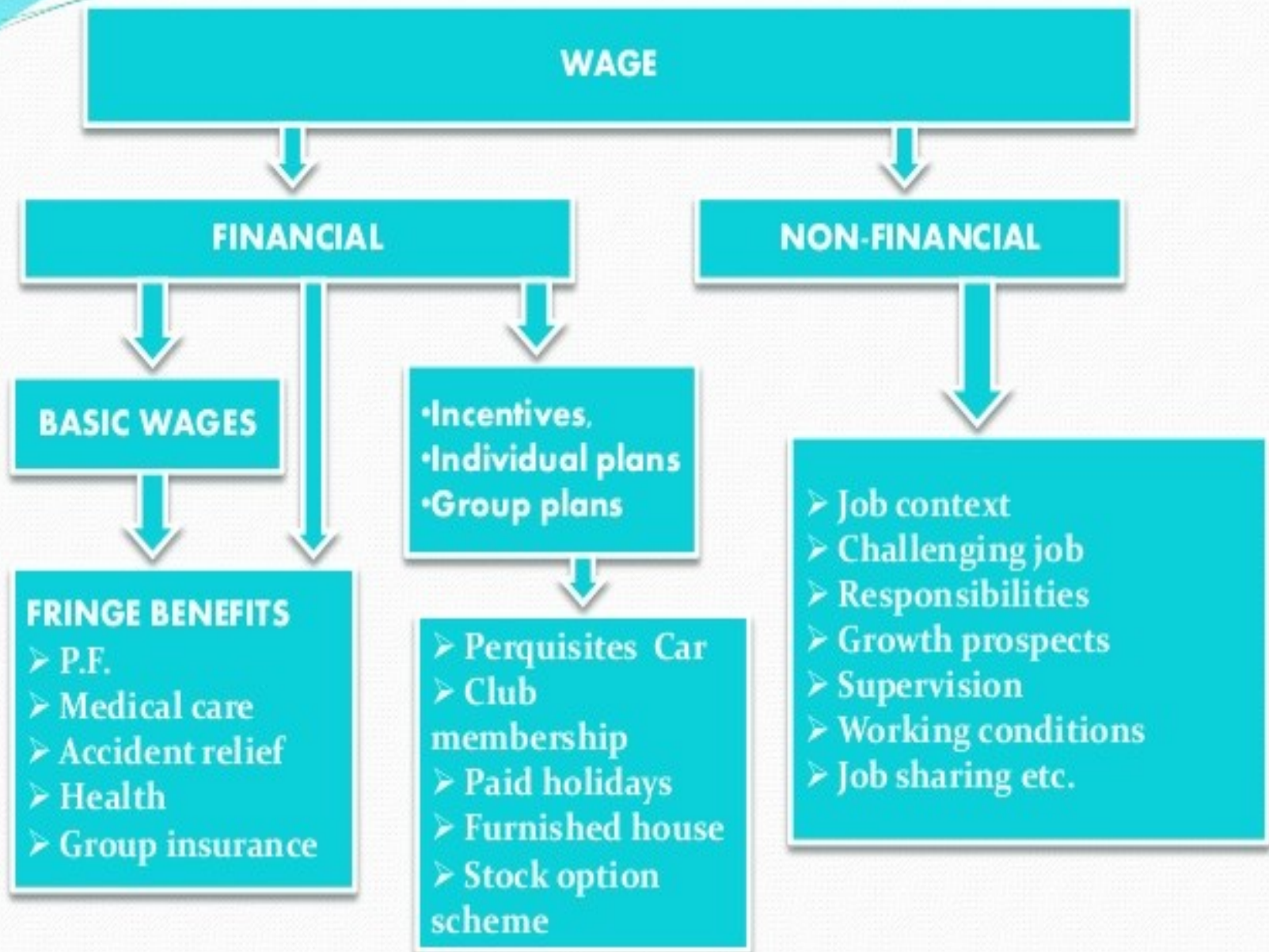
TOPIC : TYPES OF WAGES

What is a Wage?

A wage is remuneration paid by an employer to an employee.

It may be calculated as a fixed task based amount, or at an hourly rate, or based on an easily measured quantity of work done. It is contrasted with salaried work, which is based on a fixed time period.

COMPONENTS OF WAGE



Types of Wages

The main types of wages are:

1. *Subsistence wage*
2. *Minimum wage*
3. *Fair Wage*
4. *Living Wage*

Subsistence Wage

The wage that can meet only bare physical needs of a worker and his family is called subsistence wage.

Minimum Wage

Minimum wage is the wage that is able to provide not only for bare physical needs but also for preservation of efficiency of worker plus some measure of education, health and other things.

Fair Wage

Fair wages is an adjustable step that moves up according to the capacity of the industry to pay, and the prevailing rates of wages in the area of industry.

Living Wage

Living wage is that which workers can maintain the health and decency, a measure of comfort and some insurance against the more important misfortune of lie

Fair Wage

Fair wages refer to: - Wage levels and wage-fixing mechanisms that provide a living wage floor for workers, while complying with national wage regulations

The 12 Fair Wage Dimensions

1. Payment of wages
2. Living wage
3. Minimum wage
4. Prevailing wage
5. Payment of working hours
6. Pay systems
7. Communication and social dialogue
8. Wage discrimination and wage disparity
9. Real wages
10. Wage share
11. Wage costs
12. Work intensity, technology and up-skilling

How to Calculate Wages

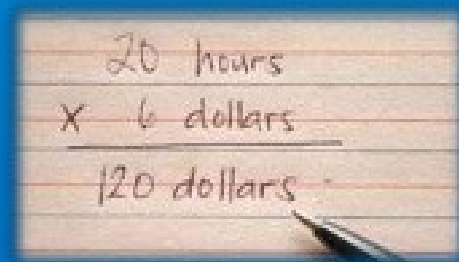
Wages are the number of hours worked multiplied by the hourly rate. The term wage is another word for the terms salary or pay.

- ✓ Know how the wage is calculated

A person's weekly wage is equal to the number hours worked multiplied by the hourly rate.

Example: Hourly Rate x Hours = Wages

$$\$6.00 \times 20 \text{ hours} = \$120.00$$



How to Calculate Wages

- ✓ Estimate a person's annual wages by multiplying the number of hours worked in a week by 50 weeks

It is easier and usually more accurate to use 50 weeks instead of 52 weeks. This will account for any unpaid vacations and absences. A person who regularly works 40 hours a week works 2,000 hours in a year.

Example: Hours in a week x number of weeks = Hours worked in a year

Hours x 50 weeks = 2,000 hours



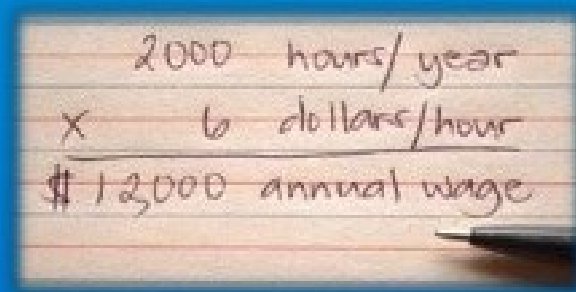
How to Calculate Wages

- ✓ To estimate annual wages, use the hours worked in a year and multiply that by the hourly rate:

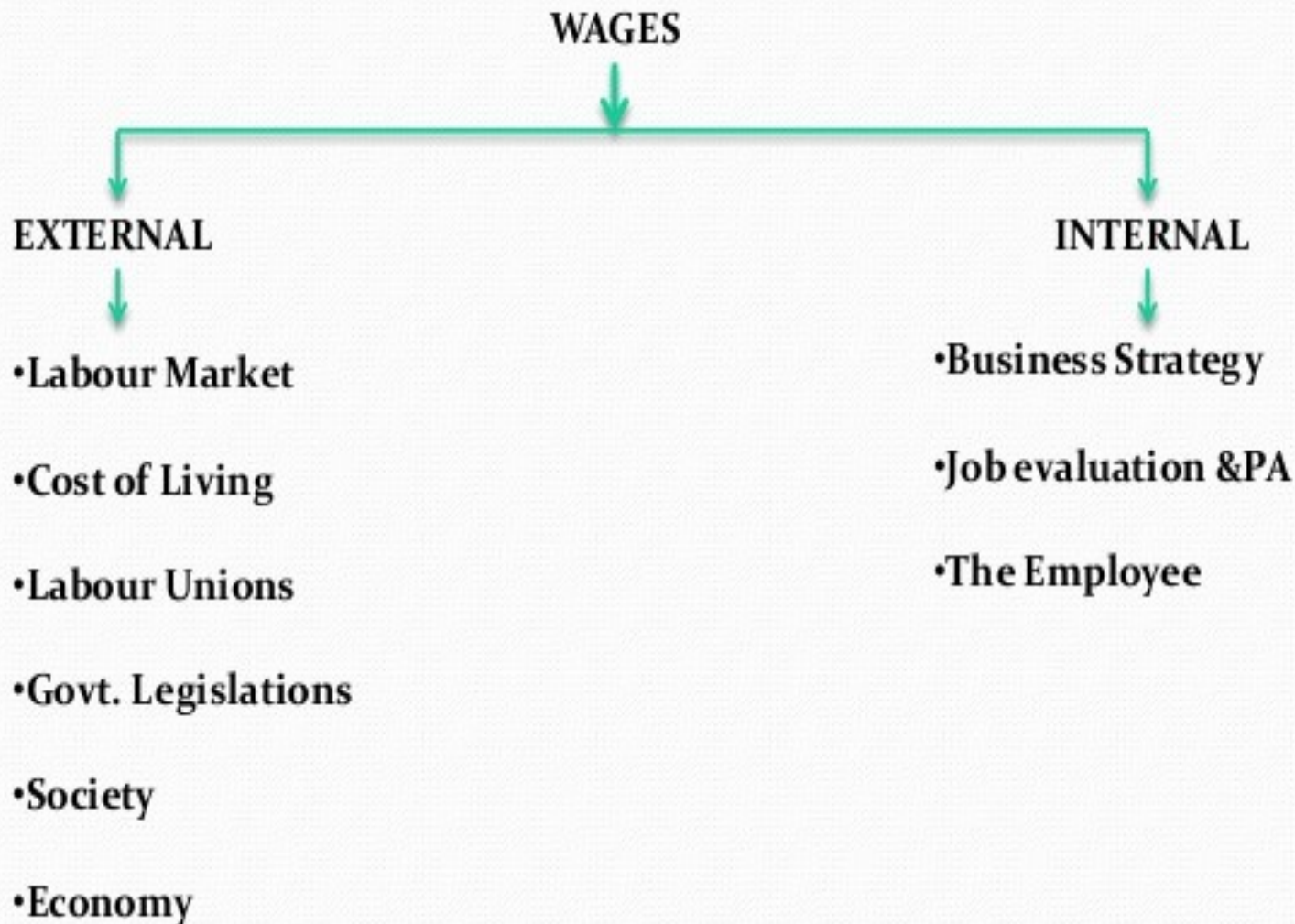
It's the last step to finish wages calculation.

Example: Hours worked in a year x Hourly rate = Annual Wages

$$2,000 \times \$6.00 = \$12,000.00$$



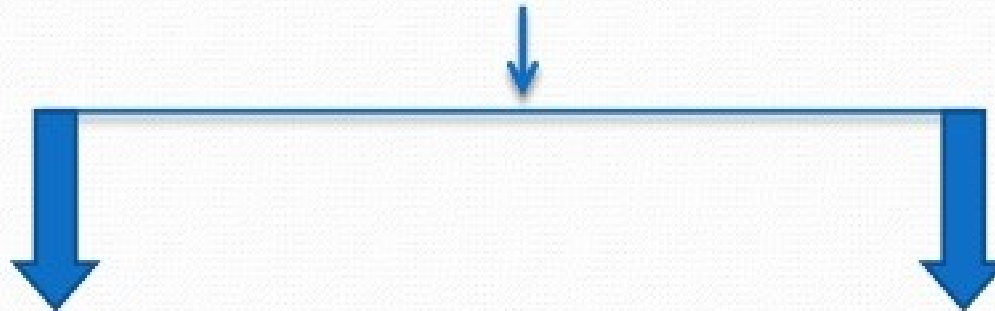
INFLUENCING FACTORS OF WAGES



CHALLENGES OF WAGES



WAGE PAYMENT SYSTEM



Piece Rate System

The piece rate system is that system of wage payment in which the workers are paid on the basis of the units of output produced

Total Wages Earned = Output x Piece Rate

Time Rate System

The time rate system is that system of wage payment in which the workers are paid on the basis of time spent by them in the factory

Wages Earned = Time spent(Attended) x Wage rate per hour/day/week/month

Importance of Wage

- ❖ One of the most important aspects of a job for most workers is the wage it pays. Wages allow workers to make a living from their labor.
- ❖ also provide incentives to be productive and loyal to an employer
- ❖ In a broader sense, the wages workers earn fuel of the economy.

Importance of Wage

- *Income*
- *Retention*
- *Spending Power*
- *Taxes*



Thank You

