

Individual Wage Rate Factors

Workers earn money in exchange for the work they perform. This money is called a wage and is a payment made by an employer to an employee. Workers earn different wages depending on the work they do. A worker's wage is determined by a variety of factors. Some companies or occupations may focus on one factor more than the others to determine someone's salary.

Productivity. A worker's productivity refers to what is produced, or made, during work. In very general terms, highly productive workers can lead to higher wages. A worker's productivity can also be determined by factors outside of his control, like the quality of the organization's technology, processes, and other labor, including management. For example, an insurance salesperson may earn more the more clients they recruit.



Experience. Most workers receive higher wages as they gain skills and experience. For example, a survey found that web developers earned an average annual wage of \$45,915 during their first year on the job. The average annual wage jumped to \$72,537 for web developers with some experience, and those with many years of experience earned an average of \$94,282 annually.



Education and Training. A worker's level of education and training can make a difference in earned wages. This type of training typically takes place after high school and is commonly called post-secondary education. Commonly, education and training are offered through a variety of places like community colleges, universities, vocational schools, and apprenticeship programs.



Work Hazards. Sometimes employees who perform high-risk work earn a higher wage than those in positions of lower-risk. High risk jobs mean that there is a greater chance of accident or injury. Police officers, fire fighters, and electrical power-line installers are just a few of the jobs that are considered hazardous.



Geographic Region. For most jobs, wages can be higher in some locations than in others. Sometimes this difference is because the cost of living in an area is either higher or lower compared to another's location. For example, if you work and live in downtown Chicago, your cost of living is extremely high, so ideally you need a larger salary. But, if you live and work in Springfield, IL, the costs of goods and services is lower, so employers may choose to pay their employees less for doing the same job that someone in Chicago is doing. There are other items to consider when thinking about working in a different location. For instance, an individual would have to leave their friends and family behind if they take on a job in a different location. For families, it would mean that the children would have to change schools. Some employers are willing to pay their workers to make these kinds of moves.



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