

To What Extent Does Hourly Versus Salary Pay Impact Workers and Their Families?

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Introduction

The average work day is from nine am to five pm. Imagine working from seven am to seven pm and still getting paid less. Most workers to this day get paid hourly, but a handful of workers get paid salary. Salary workers have the ability to work longer hours, and in the long run end up getting paid less than hourly paid workers. These long work days have detrimental effects not only on the worker, but also the worker's family. Even though salary workers have the capability to work longer, hourly pay is more beneficial due to the fact that they work from scheduled times, and have more time with their families than salary paid workers. This begs the question “To what extent does hourly versus salary pay impact workers and their families?” After further research, even though long working hours does not correlate with cancer risk; salary pay however does leads to long working hours, which causes family conflicts. Furthermore, the hourly equivalent of salary pay is calculated to be below minimum wage. This all leads to the conclusion that hourly pay is a more beneficial form of pay than salary.

Hourly Versus Salary: A Scientific View

Salary pay leads to family conflicts because they are working longer hours. In the article titled “Employees' longer working hours linked to family conflict, stress-related health problems” by the American Psychological Association due to the capability of salary workers being able to work long hours, this leads to less time spent with family, which directly correlates with family conflicts. Those long hours are in turn related to increased work-family conflict and, indirectly, to psychological distress among employees. Virginia Smith Major, writer for Journal of Applied Psychology states, "One of the things that was most striking to us was that the relationship between work hours and work interference with family held regardless of how

flexible an employee's schedule was or how much responsibility he or she had at home for child care or other family duties." Salary paid workers are more likely to be tired and not willing to have family time due to their long working hours. However, hourly paid workers have less flexibility. With the lack of flexibility in hourly workers schedules, this provides them with more time to be with their family, making hourly pay more beneficial.

Hourly Versus Salary: The Hourly Workers View

Hourly paid work is more beneficial due to the fact that it provides the worker with less flexibility, and have the option to get paid overtime. In the article "Flexibility and Overtime Among Hourly and Salaried Workers" by the Economic Policy Institute, the claim is made that hourly pay is better than salary pay because it provides the worker with more benefits. The article, written by Lonnie Golden, who has a Phd in economics from the University of Illinois, states "...salaried workers in the affected pay brackets already work mandatory overtime at the same frequency as hourly workers and more days of overtime in general than hourly workers, raising the overtime threshold for them...". With mandatory overtime, these salary paid workers are not able to spend time with family, which can lead to family conflicts (APA). With less flexibility on when they work, hourly paid workers are able to have stronger bonds with their families, and have the option to work longer hours, rather than being forced to work overtime for less pay. This leads to the claim that hourly pay is more beneficial not only to the worker, but also their families due to the fact that it provides them with more family time, therefore decreasing the amount of family conflicts.

Hourly Versus Salary: The Disadvantages of Salary Pay (Salary Worker's Pov)

Even though salary workers do get paid more, the hourly equivalent of salary pay is below minimum wage. The economic business blog BrandonGaille when discussing the cons of salary pay states, “If you work 80 hours on salary and the 40-hour equivalent of the salary is \$14/hour, then the salaried employee would be netting just \$7.00 per hour for the work that they’ve performed. That’s below the minimum hourly wage in the US, so the worker on salary pay would be losing money.” Salary paid workers may have more flexibility as to when they work, but it is shown that salary paid workers are more likely to work longer hours due to the fact that they are provided with more flexibility as to what days and times they can work. Furthermore, salary paid workers only get paid one to two times a month (BrandonGaille). This forces workers to be financially stable to be able to only get paid one to two times per month. This has an effect not only on the worker, but also on the worker’s family due to the fact that it could possibly be difficult if the worker’s family is struggling financially and needs to get paid on a weekly basis.

Hourly Versus Salary: A Historical View

Highly skilled workers that excel in their jobs should be paid hourly due to the fact that they are working harder jobs. Adam Smith was not only a philosopher, but also a political scientist, journalist, and a political economist. Smith wrote the book *The Wealth of Nations* in 1776 in this book Smith talks about wages in England. This book also depicts the English economy, and how it needs to be altered so that the worker and the employer could both benefit. Smith believes that additional skilled labor should get more pay than the average worker. When discussing the wages of sailors, and how they risk their lives just to get paid the same as a common man, Smith states, “ Their wages are not greater than those of common labourers at the

point which regulates the rate of seamen's wages. As they are continually going from port to port, the monthly pay of those who sail from all the different ports of Great Britain, is more nearly upon a level than that of any other workmen in those different places..." Smith came up with idea that not only sailors, but all labor intensive and long working jobs, should get paid by how many hours and how much work they put into their job. Rather, than strictly getting paid solely off of profits. This adds to the statement that hourly pay is more beneficial than salary pay due to the fact that ever since the early 1900s, people have still believed that workers who do work longer hours should be getting paid more, rather than in today's society due to salary pay, these workers are making less than minimum wage.

Hourly Versus Salary: The Opposing View

Some may say that salary pay is a more beneficial option of pay due to the fact that long working hours does not correlate to a higher chance of cancer. In the article "Long working hours and cancer risk: a multi-cohort study," by the British Journal of Cancer states, "In conclusion, our findings suggest that long working hours are unlikely to be associated with the overall cancer risk or the specific risks of colorectal, lung or prostate cancers." Yes, long working hours may not correlate with cancer, but long working hours does however correlate with family conflicts (APA). Furthermore, the British Journal of Cancer states that long working hours does in fact correlate with heart disease. This can add to more stress onto the family (APA). Adoree Durayappah-Harrison, graduate in Applied Positive Psychology from UPENN, quotes a research study conducted by Sanford E. DeVoe from the University of Toronto and Jeffrey Pfeffer from Stanford University this study indicates that the salience of someone's hourly wage rate caused non-hourly paid participants to exhibit a stronger connection between

income and happiness (Durayappah-harrison). Without people correlating happiness with money; more people would have a higher drive to go to work. Furthermore, the less hours that these workers are at their job, the more they will want to go to work and be happier with their job. However, recently the Department of Labor “announced an updated regulation that increases the salary threshold for paid overtime from less than \$455 per week to \$913 per week” (Weissman). “Before, salaried workers were only entitled to paid overtime if they made less than an annual salary of \$23,660. Today, employees who earn yearly salaries of \$47,476 or less will be entitled to paid overtime if they work more than 40 hours a week.” This shows that the debate over hourly versus salary pay is growing, and constantly changing as unemployment rates change. This leads to the fact that hourly pay is more beneficial because workers will not be able to be forced to work overtime, therefore, giving them a higher drive and performance rate at work.

Hourly Versus Salary: Limitations

Even though hourly pay is beneficial to the worker, it is less beneficial to the company. It costs more to pay workers hourly than it is to pay them every other week. The scientific perspective is both in favor and not in favor of this growing debate. While studies may show that long working hours does not correlate to cancer, studies do show that long working hours does in fact correlate with family conflicts (APA). Furthermore, some say that since *The Wealth of Nations* was written so long ago, that it is irrelevant and that nothing recent is happening with jobs and salary pay. However, these limitations do not change the fact that hourly pay is more beneficial to the worker than hourly pay.

Hourly Versus Salary: Conclusion

In the book *Hourly Paid Workers: Who They Are and What They Earn* by Earl F. Mellor and Steven E. Haugen states, “For example, 80 percent of all part-time workers were paid by the hour, compared with 54 percent of the full-time workers.” With the growing amount of hourly paid workers, it will become easier for companies to completely shift to hourly pay, not only making it easier for the company, but also the worker. The solution to this on going debate is that hourly pay should be used as a form of pay, rather than salary. There are some conflicts regarding the probability of this solution because it is nearly impossible to have all companies pay by only hourly pay, this is due tot the fact that these companies would be spending more money. This could possibly lead to the loss of jobs and/or the stock market going down. With the ongoing debate regarding salary and hourly pay, I have come to the conclusion that there is no true right or wrong way as to paying workers. This debate on which way is more efficient is clear, but in practicality it would be impractical for all United States companies to switch to hourly pay. This debate will most likely continue until people stop working (as said in ‘A World Without Work’), or someone comes up with a more beneficial for of pay. To some workers, the income is the only reason why they are at that job, and that is why this issue remains recent and always up for debate. Furthermore, the impact of hourly versus salary pay has also lead to the growing debate of the gender wage gap and it has sparked up questions about the quality that workers should work in.

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