Billions of people throughout the world are paid for their work. This book was written to explain why they earn what they earn and, in doing so, to help readers understand how they can earn more in both the short and long run. It describes wages, wage differences across groups, wage inequality, how organizations set pay and why, executive and “superstar” pay, the difference between pay and “total rewards” (including benefits, opportunities for growth, colleagues, and working conditions), compensation in nonprofits, and the differences between the cost of compensation to organizations and the value employees place on that compensation. It also offers tips on what an individual can do to earn more.

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To Tina, Emily, and Ty
Pay

Why People Earn What They Earn
and What You Can Do Now to Make More

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I have always been fascinated by how people are paid. I remember being a paperboy in western Massachusetts and being paid by the paper and with tips. Is this the right way to pay paper delivery people? Later I picked cucumbers and corn at a local farm. We were paid by the hour. In high school I worked at a lumberyard. There I was also paid by the hour. Why? From an early age my parents, Bob and Norma, encouraged me to ask questions – of any type – and encouraged me to work hard and study. They and my brother Bob were my first and most vital teachers. I then ran into some extraordinary teachers, including Kathy Masalski (at Hopkins Academy – the public high school in Hadley, Massachusetts), who helped me think critically and carefully and really helped me focus on the future. Starting in high school, both Mike and Carla Grabiec were an extraordinarily positive influence in my life and their impact is still felt today. Mike Podgursky, Dale Ballou, and Leonard Rapping taught me a lot of economics at the University of Massachusetts at Amherst and they and Deb Barbezat advised my undergraduate thesis – on compensation. David Card and Orley Ashenfelter were my PhD dissertation advisors in economics at Princeton University. Both are off-the-charts brilliant, extraordinarily funny, have been great role models, and taught me tons. I really lucked out when I ran into those two.

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