

Survey Says: Incentive-Based Pay Systems Provide Higher Compensation Than Time-Based Models

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Anyone who has engaged in collective bargaining knows that, generally, unions throw their arms up at any proposal dealing with incentive-based pay versus time-based pay systems. Their rationale can range from distrust to unfounded beliefs that incentive-based pay somehow detracts from seniority. However, new data published by the Bureau of Labor Statistics (BLS) – a government entity that tracks labor data in the U.S. – gives some nice bargaining ammunition to employers looking to migrate to these systems. [According to the BLS report](#), “Incentive-based pay depends at least partially on productivity and may include commissions, production bonuses, or piece-rate work. The pay for time-based workers depends solely on a schedule, such as hourly or weekly rates or annual salaries.” When surveying people across varying occupations, the report found in every instance employees in incentive-pay systems earned considerably more per hour than those in time-based models, with some earning nearly \$20 per hour more. This BLS report may be a valuable tool for employers headed to the bargaining table where incentive-based pay proposals may be an issue.

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